Report of the Chairman of the Board on corporate governance and internal control procedures

In accordance with Article L.225-37 of the French Commercial Code, the objective of this report of the Chairman of the Board of VINCI is to give an account of the composition of the Board of Directors, the application of the principle of equal representation of men and women on the Board, how the Board's work is prepared and organised, and the internal control and risk management procedures the VINCI Group has put in place.

This report was prepared by the Chairman in liaison with the Company's Finance Department (the Audit Department being included therein) and Legal Department.

The "Corporate governance" section of this report was submitted to the Appointments and Corporate Governance Committee.

The "Internal control and risk management procedures" section was prepared with the input of the VINCI Group's business lines and divisions. The required information was gathered from key personnel responsible for internal audit and risk management procedures. This section of the report was submitted for approval to the Audit Committee.

This report was approved by the Board of Directors at its meeting of 7 February 2012.

A. Corporate governance

1. Reference to the Afep-Medef code of corporate governance

At its meeting of 13 November 2008, the Board of Directors of VINCI decided that the Company would, as from financial year 2008, use the Afep-Medef code as a frame of reference for preparing the report required by Article L.225-37 of the French Commercial Code. This corporate governance code may be consulted in full on the Medef website (www.medef.fr). The following criteria or recommendations of this code have been set aside:

Criterion/recommendation set aside	Reason
A Director is not considered independent if he/she has held his/her position for more than 12 years.	The Group's significant assets relate to multi-year contracts that are in effect over a long period of time, sometimes several decades (concessions and public-private partnerships). Board members must have sufficient perspective on these activities. The individuals affected by this criterion are fully independent in their judgement.
A Director is not considered independent if he/she is a company officer of a subsidiary.	Provided the Board member in question is otherwise considered independent, the Board believes that the fact that he/she holds the position of (non-executive) Director of a subsidiary is a strength, and that this situation does not make him/her less independent in his/her judgement.
An executive may only receive a termination benefit if the departure from the company is imposed and due to a change in control or strategy.	In May 2010, the Company made a commitment to its Chairman and Chief Executive Officer to pay a benefit in the event the Board terminated his appointment, regardless of the reason. However, the Board has made payment of this benefit subject to performance criteria.
The Board's assessment must measure the contribution of each member of the Board.	There is no formalised system for measuring the individual contribution of each Board member. All of the members of the Board approved of the collegial manner in which the Board functions. This can only result from positive individual contributions.

2. Executive Management structure

On 6 May 2010, shareholders renewed Mr Huillard's appointment as a member of the Board. The Board then decided to combine the functions of Chairman of the Board and Chief Executive Officer. The Board believed – and continues to believe – that this decision, announced in November 2009, represents the most appropriate choice for the Group because i) its operational structure demands it, with Executive Management of a listed holding company supported by structured business lines in, Concessions and Contracting, ii) it wanted to unify the Group's top-level representation vis-à-vis third parties so as to clarify it and make the Group more responsive in today's particularly uncertain and difficult worldwide economic situation.

Chairman and Chief Executive Officer

Xavier Huillard, Chairman and Chief Executive Officer:
- organises and directs the work of the Board and reports thereon to shareholders at the Shareholders' General Meeting. He ensures the proper functioning of the various corporate bodies and committees and, in particular, ensures that the Directors are able to fulfil their responsibilities;
- has the broadest powers to act in all circumstances in the Company's name. He exercises these powers within the limits of the corporate purpose, subject to the powers that the law attributes expressly to shareholders and to the Board of Directors, and in accordance with the Board's internal rules. He represents the Company in its dealings with third parties and is responsible for overall operational management of the Group.

He provides the Board and its committees with the information they need, reports on the highlights of the Group's operations over the period and implements the Board's decisions.

The Board's internal rules require the Company's material transactions, referred to in paragraph 3.3 below, to be subject to prior approval by the Board. In addition, the Chairman and Chief Executive Officer regularly presents the Group's performance, prospects and strategy to the financial community, in particular through road shows.

Mr Huillard chairs the Executive Committee and the Management and Coordination Committee. The Executive Committee had 14 members as of the date of this report. It met 20 times in 2011, with an average of one to two meetings per month. The Management and Coordination Committee is composed of the members of the Executive Committee and the Group's main operational and functional executives. Its purpose is to ensure broad consultation on VINCI's strategy and position as well as on cross-cutting policies within the VINCI Group. This committee has 37 members and met four times in 2011.

Mr Huillard also chairs the Risk Committee mentioned in paragraph 4.3 of part B.

Vice-Chairman and Senior Director of the Board

Yves-Thibault de Silguy was named Vice-Chairman and Senior Director of the VINCI Board on 6 May 2010. Mr de Silguy was previously Chairman of the Board (from 2006), and he proposed that the Board change its system of corporate governance by creating a new Senior Director function with real prerogatives, set out in the Board's internal rules. The Board approved his proposal unanimously. The Senior Director has an outstanding level of information about the Group and how it operates and also enjoys specific powers which are specified in the Board's internal rules and restated in the Report of the Vice-Chairman and Senior Director on page 177 of this report. These factors ensure the system's efficiency. Mr de Silguy cannot be considered an "independent Director" as defined by the Afep-Medef code because he held the position of Chairman of the Board between 2006 and 2010. Nevertheless, the Board considers that his exceptional knowledge of the Group by virtue of his previous position, the information from which he will continue to benefit, as specified in the internal rules, and his availability constitute sufficient reason to assign the position to him. Mr de Silguy reports on his activity to the Remuneration Committee in the form of a detailed written report.

Mr de Silguy:
- devotes part of his time to remaining up to the minute on the Group's news and events through regular meetings with the Group's principal operational and functional executives;
- assists the Chairman and Chief Executive Officer, as part of the company's corporate governance arrangements, in organising the work of the Board and its committees;
- provides the Board with his insights on transactions it will have to consider, supplementing the activity of the Board committees, and ensures the proper functioning of governance bodies on behalf of the Board;
- calls a meeting of the Directors once a year, without the Chairman and Chief Executive Officer being present.

Mr de Silguy also chairs the Appointments and Corporate Governance Committee and the Strategy and Investments Committee. He takes part in numerous meetings with individual shareholders.

Lastly, Mr de Silguy assists the Chairman and Chief Executive Officer and the executives of the Group's numerous subsidiaries, at their request, in high-level representation vis-à-vis governmental authorities and major customers and business partners in France and abroad. This support is governed by a services agreement approved by shareholders at the Shareholders' General Meeting of 6 May 2010. The Board of Directors is careful to ensure that this contract does not give rise to a conflict of interest or weaken the role of Senior Director that has been separately assigned to Mr de Silguy. To this end, his remuneration is a fixed, non-adjustable sum and the contract's execution is monitored every year by the Audit Committee on the basis of a detailed written report.

3. The Board of Directors

3.1 Composition of the Board of Directors – Independence of members

At the date of this document, the Board of Directors has 14 members, including one member representing employee shareholders.

In 2011, shareholders renewed the terms of Pascale Sourisse, Robert Castaigne and Jean-Bernard Lévy as Directors and appointed Elisabeth Boyer as Director representing employee shareholders, following the resignation of Denis Vernoux.

At the Shareholders' General Meeting of 12 April 2012, shareholders will be asked to vote on the renewal of the term of Jean-Pierre Lamoure as Director. Dominique Bazy has decided not to seek re-election to his position upon expiration of his term at the end of this Annual Shareholders' General Meeting.

Since the Shareholders' General Meeting of 2 May 2011, the percentage of women on the Board has been 14%. Following the 12 April 2012 Shareholders' General Meeting, it will be 15%. The Board aims to comply, within the specified time frame, with Act no. 2011-103 of 27 January 2011 concerning the balance between men and women on Boards of Directors and Supervisory Boards and concerning equal status for men and women. Furthermore, two Board members do not have French citizenship.

The term of office of Directors is four years. The Directors' terms of office expire at different times, such that approximately one-quarter of the Board is renewed every year.

The Company's Articles of Association provide that no one may be appointed or re-appointed as a Director after reaching the age of 75 and that no more than one-third of the Directors in office at the close of the financial year for which shareholders are asked to approve the financial statements may be over 70.

At its meeting of 7 February 2012, the Board also made an assessment of the current Directors' independence, as required by the Afep-Medef code and in accordance with the criteria of that code.

For the purpose of evaluating the independence of VINCI's Directors, the Board decided to exclude the code's 12-year seniority criterion for the reasons explained above in paragraph A.1.

Although certain VINCI Board members might be customers or suppliers of companies having business relationships with the Group, the Board has determined that, given the business of the Group and because business relationships between the companies in the Group and their industrial partners are highly dispersed, there is no significant flow of business requiring special surveillance and that might give rise to conflicts of interest. Concerning relationships with its partner banks, the Board examined the individual situation of the two Directors who have had responsibilities in the banking sector, and concluded that no conflict of interest has been identified over the last five years and that they have full independence of judgement.

After receiving the report of the Appointments and Corporate Governance Committee, the Board examined the situation of each Board member and reached the following conclusions:

Directors who cannot be considered independent

- Xavier Huillard, Chairman and Chief Executive Officer;
- Yves-Thibault de Silguy, Vice-Chairman and Senior Director;
- Elisabeth Boyer, Director representing employee shareholders. This evaluation was based on the fact that Ms Boyer is an employee of Cofiroute, a subsidiary of VINCI. The Board nevertheless noted that Ms Boyer is a member of an employee representative body, giving her protection that could enable her to be considered an independent Director under the European Commission Recommendation 2005/162/EC of 5 February 2005;
- Jean-Pierre Lamoure. This evaluation was based on the fact that Mr Lamoure was a Group employee and that he is currently Chairman of Soletanche Freyssinet, a wholly owned subsidiary of VINCI.

Directors who can be considered independent

The Board of Directors believes that the following members of the Board are independent. It believes that even if some of them do not meet certain criteria set out by the Afep-Medef code, the judgement of these individuals is completely independent, ensuring that they can carry out their remit in a fully independent manner.

- Dominique Bazy. The Board has found that there is no business relationship between VINCI and Barber Hauler Capital Advisers, of which Mr Bazy is managing partner. During its examination, the Board noted that Mr Bazy held a position in an investment bank (UBS) less than five years ago and that he has been a Director of VINCI since 1996, i.e. more than 12 years. However, the Board believes that these circumstances do not alter his independence of judgement.
- Robert Castaigne. The Board has taken into account the fact that until May 2008 Mr Castaigne was Chief Financial Officer and member of the Executive Committee of the Total Group, with which the VINCI Group has normal business relationships involving fuel purchase contracts or construction projects, for example. The Board believes that these factors do not alter Mr Castaigne's independence of judgement.
- François David. Mr David is Chairman of Coface. The Board believes, however, that the normal commercial relationships that might exist between the Coface Group and the VINCI Group (e.g. insurance policies for contracts entered into by VINCI subsidiaries abroad) do not alter Mr David's independence of judgement.
- Patrick Faure. The Board noted that Mr Faure has been a Director of VINCI since 1993, i.e. more than 12 years, and that he sits on the Board of Cofiroute, a company controlled by VINCI. The Board believes, however, that Mr Faure's directorship at Cofiroute does not alter his independence of judgement. On the contrary, the Board believes this constitutes an advantage inasmuch as Mr Faure has useful experience in motorway concessions from which the other members of the Board can benefit.
- Dominique Ferrero. The Board considers that Mr Ferrero no longer has an operational role within the Natixis Group. The Board took into consideration Mr Ferrero's statements, according to which his functions did not give rise to any conflict of interest in 2011.
- Jean-Bernard Lévy. Mr Lévy is Chairman of the Management Board of Vivendi. The Board believes that the normal business relationships that exist between VINCI and certain subsidiaries of the Vivendi Group do not alter Mr Lévy's independence of judgement. These relationships include telephone subscription contracts, construction projects and arm's length service contracts.
- Michael Pragnell held management responsibilities within Syngenta AG until 2007. This company has no business relationship with the VINCI Group.
- Henri Saint Olive. Mr Saint Olive is Chairman of Banque Saint Olive, which might enter into transactions with the Company or its subsidiaries or into private transactions with executives thereof. The Board believes, however, that such transactions do not alter Mr Saint Olive's independence of judgement.
- Pascale Sourisse. Ms Sourisse has management responsibilities within the Thales Group. The Board believes, however, that the normal business relationships that may exist between the Thales Group and certain companies in the VINCI Group do not alter Ms Sourisse's independence of judgement.
- Qatari Diar Real Estate Investment Company. The Board noted that the Qatari Diar Group held less than 6% of the share capital and voting rights of VINCI, acquired when the Cegelec Group was sold to VINCI. In addition, the Board noted that VINCI Construction Grands Projets, a wholly owned subsidiary of VINCI, and Qatari Diar are partners in the Qatari-law company Qatari Diar VINCI Construction (QDVC). This company, 51%-owned by Qatari Diar, is involved in developing construction activities in Qatar and elsewhere in the Middle East. The permanent representative of Qatari Diar on the Board of VINCI, Yousuf Ahmad Al Hammadi, has been Chairman of QDVC since 26 August 2011. The Board believes, however, that Mr Al Hammadi's appointment as a representative of the majority shareholder of QDVC does not affect his independence of judgement as a member of the Board of VINCI.

As a result of this evaluation, the Board of Directors considers that 10 of its 14 members, i.e. more than half, qualify as independent.

If the appointment of Mr Lamoure is renewed, nine Directors out of 13 will be considered independent.

3.2 Personal situation of company officers

As of the date this document was prepared and to the best of the Chairman's knowledge:
• there are no family links between any of VINCI's company officers;
• none of VINCI's company officers has been found guilty of fraud in the last five years;
• none of these individuals has been involved as a company officer in a bankruptcy, sequestration of assets or liquidation during the last five years and none has been incriminated or officially punished by a statutory or regulatory authority. None has been disqualified by a Court from serving as a member of a Board of Directors or company management or supervisory body of a securities issuer, nor from being involved in the management or conduct of the affairs of a securities issuer in the last five years;
• no company officer of VINCI has declared a conflict of interest in respect of any decisions taken by the Board of Directors in 2011.

3.3 The Board of Directors' internal rules

In May 2003, the Board of Directors adopted a set of internal rules that is periodically updated. The most recent version came into effect on 6 May 2010 when the Board decided to combine the functions of Chairman and Chief Executive Officer. This document specifies the rules applicable to the Board and its committees, and it includes rules of ethics detailing the standard of conduct expected of each Director. The internal rules may be consulted in full on the Company's website (www.vinci.com).

The internal rules of the Board of Directors specifically require the Board to examine and approve, prior to implementation:
• strategic transactions carried out by the Company and more generally, by the Group:
• strategic investment projects and any transaction, in particular acquisitions and divestments in excess of €200 million;
• transactions falling outside of the Company's announced strategy and any transaction brought to its attention by its Strategy and Investments Committee.

The internal rules of the Board of Directors also require that Board members be kept informed at all times of the Company's financial condition, cash position and commitments, and of all significant events and transactions related to the Company. They may request information about specific subjects and they may meet with the Company's principal executives, if necessary, whether or not the company officers are present, so long as the Chairman is notified in advance.

Lastly, the internal rules specifically define the powers and prerogatives of the Vice-Chairman and Senior Director. These include the right to call a meeting of the Board, to add any item to the agenda, to call a meeting of the members of the Board or to meet with the members of the Executive Committee without the Chairman and Chief Executive Officer being present.

3.4 Conditions of preparation and organisation of the work of the Board

3.4.1 Functioning and work of the Board of Directors in 2011

The Board of Directors met eight times in 2011 and the average attendance rate at its meetings was 95%. The Board of Directors discussed all matters of importance relating to the Group's activities. The Executive Vice-President and Chief Financial Officer attends Board meetings. The General Counsel acts as Board Secretary.

In respect of the financial statements and day-to-day management of the Company, the Board:
• examined and approved the annual consolidated and parent company accounts for financial year 2010 together with the half-yearly 2011 consolidated and parent company accounts;
• approved the terms of the various reports to shareholders, prepared and called the Shareholders' General Meeting of 2 May 2011, approved the agenda and the resolutions submitted for shareholder approval and approved the Report of the Chairman on corporate governance and internal control procedures;
• decided to cap the utilisation of the 23rd and 25th resolutions submitted for shareholder approval at the General Meeting of 2 May 2011 at 15% of share capital;
• took note of the work of the Audit Committee and the Strategy and Investments Committee;
• regularly examined the Group's business activities, on-going developments, financial situation, plans and indebtedness;
• decided to pay an interim dividend on 2011 earnings;
• examined the evolution of the share capital and the share buy-back programme;
• decided to put in place a Euro Medium Term Notes programme;
• approved the renewal of the Chairman and Chief Executive Officer's powers regarding guarantees and collateral;
• renewed a delegation of power to the Chairman and Chief Executive Officer to issue bonds.

Regarding corporate governance and remuneration, the Board:
• examined the Board assessment report, prepared with the assistance of an outside consultant;
• took note of the work of the Remuneration Committee and the Appointments and Corporate Governance Committee as well as that of the meeting of the Chairmen of the Board Committees;
• evaluated the independence of its members with regard to the criteria of the Afep-Medef code, and proposed the renewal of the terms of three Directors;

- set the amount to be recognised in the financial statements for the first year during which Mr Huillard's long-term incentive plan is in effect;
- set Mr Huillard's variable remuneration for financial year 2010 and Mr de Silguy's variable remuneration for the period from 1 January to 30 April 2010;
- approved the tentative work programme of the Board of Directors for 2012;
- decided to implement a share subscription option and/or performance share plan;
- voted on the definitive number of performance shares and share subscription options under the 2009 plan, in light of the performance actually achieved.

Regarding employee savings plans, the Board:
- set the subscription price of shares to be issued under the French employee savings plan for the periods from 2 May to 31 August 2011, from 1 September to 31 December 2011 and from 2 January to 30 April 2012;
- examined a proposed international employee share purchase plan and delegated powers for its implementation.

In addition, the Board:
- took note of the work of the Strategy and Investments Committee;
- examined various acquisition projects;
- approved the subscription by VINCI to a capital increase of its subsidiary VINCI Finance International;
- authorised the issue of guarantees;
- examined the internal reclassification of shareholdings in the Group's motorway companies and various related financial transactions;
- examined the organisation and activities of the VINCI Energies business line;
- examined the Group's business activities in Morocco;
- examined the activities of the Fondation VINCI pour la Cité.

A two-day strategy seminar was held in November 2011 and was attended by the members of the Board of Directors and of the Executive Committee. The seminar offered the opportunity to examine the business and outlook for growth of the different activities, and to reflect on the Group's overall strategy and how to apply it in each of the business lines. In addition, a Board meeting was held in Rabat, Morocco in 2011 and visits were organised to some of the Group's projects in the country on that occasion.

3.4.2 The Board committees

The responsibilities and modus operandi of the committees are governed by the internal rules of the Board of Directors. Each committee has a role to play in analysing and preparing the Board discussions falling within its field of competence and in studying topics and/or projects that the Board or its Chairman may submit to it for review. It has consultative powers and acts under the authority of the Board, of which it is an extension and to which it is accountable. Minutes of each committee meeting are drawn up and circulated to the members of the Board of Directors.

The Audit Committee

Terms of reference

The Audit Committee helps the Board monitor the accuracy and fair presentation of VINCI's parent company and consolidated financial statements and the quality of the information provided.

In particular, its duties are to monitor:
- the process of compiling financial information: examine the Group's annual and half-yearly parent company and consolidated financial statements before they are presented to the Board, satisfy themselves that the accounting policies and methods are appropriate and consistently applied, warn against any non-compliance with these rules and monitor the quality of the information given to the shareholders;
- the effectiveness of the Group's internal control and risk management systems: (a) concerning internal control procedures, assess subsidiaries' internal control systems with the managers of the internal control function and more particularly the internal audit plan, the conclusions of internal audits, the recommendations issued and the resulting follow-up action; (b) concerning risk management, regularly review the Group's financial situation and main financial risks and in particular its off-balance-sheet commitments;
- the auditing of the parent company and consolidated financial statements by the Statutory Auditors and the independence of the Statutory Auditors: examine the Statutory Auditors' work programmes, conclusions and recommendations with them, as well as follow-up action taken; verify compliance with the Statutory Auditors' obligation to be independent, assess proposals on the appointment of the Company's Statutory Auditors, on the renewal of their terms of office as well as their remuneration, and issue a recommendation on this matter;
- the Group's policy in respect of insurance;
- the setting up of procedures regarding business ethics and competition and ensure that there is a system for verifying that they are enforced.

To carry out its remit, the Board's internal rules specify that the Audit Committee may seek external advice, the cost of which is borne by the Company.

Composition

The Audit Committee comprises at least three Directors designated by the Board. The Executive Vice-President and Chief Financial Officer and the Statutory Auditors attend Audit Committee meetings. Since 14 May 2009, this committee has been composed of Henri Saint Olive (Chairman), Robert Castaigne, Michael Pragnell and Pascale Sourisse.

The Board considers all four members to be independent Directors. By virtue of their professional experience and qualifications, the members of the Audit Committee have the financial and accounting expertise necessary to serve thereon. Their experience and qualifications are described in the curriculum vitae set out in the Report of the Board of Directors on page 115 of the 2011 annual report.

The Executive Vice-President and Chief Financial Officer acts as secretary to the committee.

Activities in 2011

The Audit Committee met four times in 2011, with a participation rate of 94%. The Audit Committee meets at least two days before the Board meeting called to approve the annual and half-yearly financial statements.

Audit Committee meetings dealt with the following subjects:
• the process of compiling accounting and financial information: review of the Group's financial statements, budget updates, cash positions and financial debt, the Group's financial strategy and on-going financial transactions; the Fast Close project to shorten the lead time for producing and publishing consolidated financial statements;
• the effectiveness of the Group's internal control and risk management systems: review of the results of the annual self-assessment, systems in place at Eurovia and VINCI Immobilier, the "risk factors" chapter of the Report of the Board of Directors and the policies regarding insurance; review of ongoing disputes and litigation; review of ethics procedures in place;
• statutory auditing of annual and consolidated financial statements: discussions with the Statutory Auditors and review of their conclusions; adherence to legal and regulatory obligations concerning accounting and financial information; the Group's tax situation; changes to IFRSs;
• independence of the Statutory Auditors: review of the Statutory Auditors' statement of independence; fees paid to the Statutory Auditors' network; information on the services rendered that were directly connected to the assignment.
In addition, the Committee examined the services provided under the services agreement with YTSeuropaconsultants, of which Mr de Silguy is the sole partner.

For the purposes of this work, the following executives were interviewed: the Executive Vice-President and Chief Financial Officer, the Senior Vice President, Corporate Controlling and Accounting, the Director of Treasury and Financing, the Chief Audit Officer, the General Counsel and the Statutory Auditors. During their presentation, the Statutory Auditors emphasised the important points and the accounting options chosen.

The Strategy and Investments Committee

Terms of reference

This committee helps the Board review the Group's overall strategy. It examines proposed strategic investments and all transactions, including investments and divestments, that could have a material impact on the Group's scope of consolidation, business activities, risk profile, earnings or balance sheet or on the Company's share price. It carries out its reviews before these transactions are presented to the Board.

In particular its duties are to:
• examine the Group's three-year plan;
• prepare the Board's discussions on the Group's strategy;
• formulate an opinion, for the benefit of the Executive Management, on proposed acquisitions or disposals of shareholdings of a value exceeding €50 million that do not come under the Board's direct terms of reference;
• give its opinion to the Executive Management on plans for significant change to the Group's legal or operational structure.

In addition, the Executive Management informs the committee on progress in multi-year projects that entail a total investment by the VINCI Group in equity and debt of more than €100 million.

Composition

The Strategy and Investments Committee comprises at least three Directors designated by the Board. From 6 May 2010 to 1 March 2011, the permanent members of the committee were Yves-Thibault de Silguy (Chairman), Jean-Pierre Lamoure, Alain Maillot (the permanent representative of Qatari Diar Real Estate Investment Company) and Denis Vernoux. From 1 March 2011 to 2 May 2011, the committee was composed of Yves-Thibault de Silguy (Chairman), Jean-Pierre Lamoure, Yousuf Ahmad Al Hammadi (the permanent representative of Qatari Diar Real Estate Investment Company) and Denis Vernoux. Since 2 May 2011, the committee has been composed of Yves-Thibault de Silguy (Chairman), Elisabeth Boyer, Jean-Pierre Lamoure and Yousuf Ahmad Al Hammadi. The committee is open to all Board members wishing to participate.

The Chairman and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer and the Vice-President, Business Development of VINCI attend the meetings of the Strategy and Investments Committee. The Board Secretary acts as secretary to the committee.

Activities in 2011

The Strategy and Investments Committee met nine times in 2011, with an average participation rate of 75%. Voluntary participation in the committee's work on the part of Directors who were not committee members was 42% in 2011.

During the year the committee examined:
• around 30 investment or acquisition projects in companies based abroad, in particular in Europe, North America, the Middle East and Asia;
• around 40 public-private partnerships or infrastructure concessions, in particular in the rail, motorway, airport and sports sectors;
• the situation in Greece.

The Remuneration Committee

Terms of reference

The Remuneration Committee proposes the terms and conditions of company officers' remuneration to the Board of Directors.

Its duties are to:
• make recommendations to the Board concerning the remuneration, pension and welfare benefit plans, benefits in kind and miscellaneous pecuniary rights, including any performance shares or share subscription or share purchase options granted to the company officers and to salaried members of the Board, if any;
• propose to the Board an overall package of performance shares and/or subscription or purchase options on the Company's shares and the general and specific conditions applicable to these allocations;
• express an opinion on the Executive Management's proposals regarding the number of beneficiaries;
• propose to the Board an aggregate amount of Directors' fees and the manner of their allocation.

In addition, the Remuneration Committee is informed of the remuneration policy applicable to the principal executives.

Composition
The Remuneration Committee comprises at least three Directors designated by the Board. Since 6 May 2010, the Remuneration Committee has been composed of Jean-Bernard Lévy (Chairman), Dominique Bazy and François David. The Board recognises all members of the committee as independent.

The Vice-President responsible for Human Resources and Corporate Social Responsibility attends the meetings of the Committee. The Chairman and Chief Executive Officer also attends the Committee's meetings except when the Committee examines questions relating personally to him. The Board Secretary acts as secretary to the Committee.

Activities in 2011
The Remuneration Committee met four times in 2011, with a participation rate of 92%.

The Committee examined and made proposals to the Board regarding:
- determination of the variable portion of the remuneration for Mr Huillard and Mr de Silguy for 2010;
- calculation of the annual amount to be set aside for Mr Huillard's long-term incentive programme;
- performance share and share subscription option plans and the allocation policy for 2012;
- the Group Savings Scheme and implementation of an international employee share purchase plan.

The Chairman and Chief Executive Officer attended and participated in several Committee meetings (except for items concerning him personally).

The Appointments and Corporate Governance Committee
Terms of reference
This committee:
- ensures adherence to corporate governance rules;
- prepares the Board's discussions on the assessment of the Company's Executive Management;
- examines, on a consultative basis, the Executive Management's proposals relating to the appointment and dismissal of the Group's principal executives;
- is informed of the Executive Management's policy for managing the Group's senior executives and in this regard, the Committee examines the procedures for succession plans;
- makes proposals on the selection of Directors;
- examines all candidacies for Board membership and expresses an opinion or recommendation to the Board on those candidacies;
- discusses, every year, the issue of independence of Board members;
- prepares, in a timely manner, recommendations and opinions on the appointment or succession to the posts of executive company officers.

Composition
The Appointments and Corporate Governance Committee comprises at least three Directors designated by the Board. Since 6 May 2010, it has been composed of Mr Yves-Thibault de Silguy (Chairman), Patrick Faure and Dominique Ferrero. The Board recognises two of the three members of the Committee as independent.

The Chairman and Chief Executive Officer attends the Committee's meetings when it examines the Executive Management's proposals relating to the appointment and dismissal of the Group's principal executives and when it is informed of the Executive Management's policy for managing the Group's senior executives. The Board Secretary acts as secretary to the Committee.

Activities in 2011
The Committee met four times in 2011, with an attendance rate of 92%.

The Committee:
- examined and proposed the renewal of Directors' terms of office in 2011;
- examined the consequences of the resignation of the Director representing employee shareholders;
- examined the percentage of women on the Board and implementation of Act no. 2011-103 of 27 January 2011 concerning the balance of men and women on Boards of Directors;
- examined the Board assessment report, prepared by an external consultant;
- performed an assessment of the Executive Management;
- assessed each Board member with regard to the independence criteria of the Afep-Medef code and made proposals to the Board;
- examined the report of the Chairman of the Board on corporate governance;
- examined the consequences of the departure of a Group executive and interviewed a replacement candidate;
- considered Directors' terms of office expiring in 2012.

3.5 Assessment of the composition and functioning of the Board of Directors
In application of the Board of Directors internal rules, each year, the agenda of one meeting includes a discussion on the functioning of the Board with the aim of improving its effectiveness. In addition, a formal assessment is performed every three years. This exercise may be supervised by a Director, with the assistance of an external consultant.

The most recent formal assessment of the Board and its committees was performed at the end of 2010 with the help of an external consultant. During its meetings of 1 March and 5 July 2011, the Board of Directors devoted one item on its agenda to a discussion of the assessment report submitted by the consultant in January 2011.
In September 2011, the Chairmen of Board committees met to review the improvements that had been made to the committees' *modus operandi* as well as potential further room for improvement, with a view to ensuring the transparency of information provided to the Board.

At its meeting of 17 October 2011, the Board of Directors noted that all of the observations in the above-mentioned report of January 2011 had been acted upon.

In addition, the Directors met during the financial year under the chairmanship of the Vice-Chairman without the executive company officer, in order to assess the Executive Management.

4. Principles and rules for determining company officers' remuneration and benefits of whatever nature

4.1 Remuneration and benefits of the executive company officer

The remuneration of the executive company officer is set by the Board of Directors based on a proposal from the Remuneration Committee.

Xavier Huillard

On 6 May 2010, the Board of Directors confirmed the decisions taken on 3 March 2010 concerning Mr Huillard's remuneration and benefits from the time of his appointment as Chairman and Chief Executive Officer until the end of his term. During the meetings of 1 March 2011 and 7 February 2012, the Board set the following terms for his remuneration:

- fixed annual remuneration of €900,000 for financial year 2012 (unchanged from 2011);
- a two-part variable remuneration plan, ranging from 0 to €1,440,000, or 0-160% of the fixed portion, depending on performance achieved. The first part is based on three economic ratios (net earnings per share, operating income per share and free cash flow). The second part is managerial and based on performance against qualitative criteria as defined by the Board. For the first part, the quantitative target level expected to be achieved is linked to the specific method of the calculation formula, such that any increase in remuneration is dependent on an improvement in the performance ratios from one year to the next;
- a long-term incentive plan, allowing for a capital allowance to be built up gradually, variably, and based on specific performance objectives. Except in certain specific cases, incentive plan awards will vest only if the beneficiary completes his term of office. Under this incentive plan, an amount equivalent to (a) 16,600 times the value of the VINCI share, provided that ROCE, restated for non-controlling interests when they are higher than 33.33%, exceeds 6%, and (b) 41,500 times the increase in the VINCI share price over a one-year period, provided that the VINCI share outperforms a peer group comprising at least 10 European construction and infrastructure concession companies by at least 5%, is to be granted to Mr Huillard for each of the four years of his term of office. In the event of lesser performance, the amount of the annual allocation under (a) will be reduced and will be equal to zero if ROCE is less than 5%, and the allocation under (b) will be reduced to zero if the VINCI share underperforms the peer group by more than 5%;
- Mr Huillard is deemed to have the status of a senior executive, thereby entitling him to benefit from the additional supplementary pension plan established for senior executives of VINCI SA and mentioned in paragraph D. 3.2 of the Report of the Board of Directors, page 120, as well as from the Group's welfare benefits plans. The commitment with regard to the supplementary pension plan was approved by shareholders at the 6 May 2010 Shareholders' General Meeting. The benefit of such a supplementary pension plan was taken into account in the determination of Mr Huillard's overall remuneration;
- Mr Huillard is eligible for severance pay in the event that the Company terminates his appointment as Director prior to its normal expiry (at the end of the Shareholders' General Meeting called to approve the financial statements for the year ending 31 December 2013). This commitment is limited to 24 months of his remuneration and subject to performance conditions based on the same criteria as those used in the calculation of the quantitative part of his variable remuneration. Severance pay shall be equal to 24 months if average performance is at least equal to 130% of the objective and nil if average performance is less than or equal to 70% of the objective. This commitment was approved by shareholders at the 6 May 2010 Shareholders' General Meeting.

Mr Huillard has not benefited from the share subscription options and performance shares incentive plan approved by the Board of Directors at its meeting of 2 May 2011.

4.2 Remuneration and benefits of the Vice-Chairman and Senior Director

The remuneration of the Vice-Chairman and Senior Director is set by the Board of Directors on the basis of a proposal by the Remuneration Committee.

Yves-Thibault de Silguy

Mr de Silguy receives Directors' fees in his capacity as Vice-Chairman and Senior Director, calculated as described in paragraph 4.3.

In addition, it should be noted that Mr de Silguy is beneficiary of a supplementary pension plan and he activated his pension rights as of 30 April 2010. VINCI's obligations under this pension plan amounted to €6,738,500 at 31 December 2011.

Lastly, on 3 March 2010, the Company signed a services agreement with YTSeuropaconsultants, of which Mr de Silguy is the sole partner. This agreement was authorised by the Board of Directors and approved by shareholders at the 6 May 2010 Shareholders' General Meeting. The agreement covers the provision of services as described in paragraph A.2 above, with oversight by the Audit Committee, in return for an annual flat fee of €330,000 (ex. VAT) and has a duration of one year, renewable automatically. This agreement was renewed automatically for a new term of one year.

4.3 Directors' fees

At the Shareholders' General Meeting of 6 May 2010, shareholders set the aggregate amount of Directors' fees at €920,000 for the financial year starting on 1 January 2010.

In its meetings of 27 February 2008 and 3 March 2010, the Board of Directors agreed on the following allocation of Directors' fees (amounts expressed on an annualised basis):
- the Chairman and Chief Executive Officer receives no Directors' fees from the Company;
- the Vice-Chairman receives €140,000, of which €30,000 is variable and depends on his presence at Board meetings;
- other Directors receive €40,000 each, of which €20,000 is variable and depends on their presence at Board meetings;
- the chairman of each committee receives €25,000, the members of the Audit Committee receive €15,000 and the members of the other committees receive €10,000, in addition to the Directors' fees mentioned above.

Payment of the variable fee is dependent on the member's attendance at Board meetings. The variable fee is reduced by €2,500 per meeting for any Board member who misses two or more meetings.

5. Formalities for participation of shareholders in the Shareholders' General Meeting

The formalities for shareholders to participate in the Shareholders' General Meeting are described in Article 17 of the Articles of Association and reproduced below:

Article 17 – Shareholders' General Meetings
Shareholders' General Meetings are called and take place in accordance with the legislation and regulations in force.

The meetings are held either at the registered office or at another location specified in the notice of the meeting.

All shareholders may, regardless of the number of shares they own, participate in meetings personally or by proxy, on producing evidence of their identity and shareholding in the form of either:
- a personal registration of the shares in their own name; or
- a record of the shares in a bearer securities account with an authorised intermediary. The intermediary must provide an attendance certificate, which can be communicated by electronic means, if necessary.

These formalities must be completed no later than midnight (Paris time), on the third business day before the meeting. Shareholders wishing to attend the meeting but who have not received their admission card by midnight (Paris time) of the third business day before the meeting will be given an attendance certificate. However, the Board of Directors may shorten or remove this time period provided that any such decision applies to all shareholders.

If the Board of Directors so decides when the General Meeting is called, individual shareholders may take part in the General Meeting by videoconference or vote by any telecommunication or electronic means including via the Internet, in accordance with the applicable regulations in force at the time such means are used. Any such decision must be communicated in the notice of meeting and the invitation to the meeting.

Postal votes may be cast, subject to the terms and conditions defined by law and regulations. Shareholders may transmit proxy forms and postal votes for every Shareholders' General Meeting, under the conditions set out by law and regulations, either in paper form or, if the Board of Directors so authorises, by electronic means, including over the Internet. Those shareholders who, within the required time period, use the electronic voting form on the website made available by the meeting centraliser, are counted as attending or represented shareholders. Shareholders may complete and sign the electronic voting form directly on the centralising bank's website by any process determined by the Board of Directors that meets the conditions set forth in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code and Articles R.225-77, subsection 2, and R.225-79 of the French Commercial Code and, more generally, the provisions of law and regulations in force. This process may include the use of a personal identifier and password.

Proxy forms received and votes cast prior to the Shareholders' General Meeting by electronic means, together with the acknowledgement of receipt provided, shall be considered as irrevocable acts enforceable with regard to all parties involved, it being specified that in the event of a sale of shares that takes place before the third business day prior to the Meeting at zero hour (Paris time), the Company shall invalidate or amend, as necessary, any proxy form or vote cast prior to such date and time.

Shareholders' General Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman of the Board of Directors, if a Vice-Chairman has been designated, or by a member of the Board of Directors specifically appointed by the Board to that effect. Failing that, shareholders elect their own Chairman.

The minutes of the Shareholders' General Meetings are drawn up and copies thereof are certified and delivered in compliance with regulations in force.

6. Publication of information required by Article L.225-100-3 of the French Commercial Code

Information mentioned in Article L.225-100-3 of the French Commercial Code concerning elements likely to have an impact in the event of a takeover offer is published in the Report of the Board of Directors on page 156 of the 2011 annual report.

B. Internal control and risk management procedures

1. Introduction

1.1. Definitions and reference framework

In July 2010, the French stock market regulator, the Autorité des Marchés Financiers (AMF), published the findings of the working group formed under its aegis. This document is entitled "Risk management and internal control systems: reference framework".

The Group uses this document as its reference framework.

Risk management and internal control systems participate in a complementary manner in keeping control over the Group's business.

"Risk" is the possibility that an event might take place with consequences that would adversely affect the objectives of the Group and in particular its financial condition and reputation.

The **risk management system** aims to identify and analyse the principal risks that Group entities encounter. "Internal control" encompasses all the controls to best handle these risks.

Risk management is therefore a set of resources, conduct, procedures and initiatives that correspond to the VINCI Group's characteristics and enable its executives to maintain risk at an acceptable level.

VINCI's risk management system is a management tool to be used by each company in the Group to help:
- create and preserve value, assets and the Company's reputation;
- secure the company's decision-making procedures and other processes so as to increase the likelihood of achieving objectives;
- ensure that initiatives are in line with the Company's values;
- foster a shared view of the principal risks among employees of the Company.

The **internal control system** aims more particularly to ensure:
- that the instructions and guidelines set by the Executive Management are implemented;
- that the activities of the Group are in compliance with laws and regulations;
- that the Company's internal processes function correctly, notably those contributing to the safeguarding of its assets;
- that financial reporting is reliable.

The internal control system is a set of resources, procedures, conduct and initiatives that correspond to the VINCI Group's characteristics, which:
- helps businesses run smoothly and contributes to effective operations and efficient use of resources;
- must take significant risks into account in an appropriate manner, whether they are operational, financial or legal.

Nevertheless, like any set of controls, the internal control system cannot provide an absolute guarantee that the Group will achieve its objectives, however well designed and implemented the system is.

1.2 Scope of risk management and internal control

In addition to managing a system specific to VINCI Holding, the Group also ensures that there are risk management and internal control systems in place at each of the subsidiaries in its scope of consolidation. A list of these principal consolidated entities can be found in Chapter J of the notes to the consolidated financial statements, page 254.

For the specific case of the Belgian company CFE (in which VINCI has a 46.84% capital stake) and its subsidiaries, the provisions in force are adapted to the specific features of Belgian law, which attributes responsibility for risk management and internal control to the Board of Directors of companies listed on the stock exchange.

Entrepose Contracting, which is listed on the Paris stock exchange, issues its own Chairman's report on risk management and internal control.

2. Environment and organisation

2.1 Principles of action and conduct

The businesses in which VINCI operates require the personnel involved to be geographically close to customers in order to ensure the prompt delivery of solutions that are suited to their needs. To enable the manager of each business unit – around 3,000 in total in the Group – to take the required operational decisions rapidly, a decentralised organisation has been implemented in each business (Concessions and Contracting), business line and division, as well as in VINCI Immobilier.

This organisation entails delegation of authority and responsibility to operational and functional staff at all levels. The delegation of authority to operational and functional management staff is carried out in compliance with the general guidelines (see paragraph 4.2) and the principles of action and conduct to which VINCI is strongly committed:

- strict compliance with the rules common to the whole Group, in particular in respect of commitments, risk-taking (see paragraph 4.3), acceptance of contracts (see paragraphs 4.4 and 4.5), and reporting of financial, accounting and management information (see paragraph 4.2). These common rules, which are deliberately restricted in number given the broad spectrum of the Group's activities, must be strictly applied by the staff concerned and their teams;
- transparency and loyalty of managers towards their line management superiors and towards the functional departments of the business lines and the holding company. In particular, managers are required to inform their superiors of any difficulties encountered in the performance of their duties (e.g. with respect to carrying out work on sites, relations with customers, government departments and suppliers, financial partnerships, internal relationships, personnel management, safety, etc.). An integral part of operational managers' duties is to take decisions alone on matters falling within their area of competence, within the framework of the general guidelines they have received and accepted. Nevertheless, any difficulties encountered must be handled with the assistance, as necessary, of their line management superiors or the functional departments of the business lines and the VINCI holding company;
- compliance with the laws and regulations in force in the countries where the Group operates;
- adherence to the Code of Ethics and Conduct;
- responsibility of operational executive managers to communicate the Group's principles governing action and conduct to their staff by appropriate means and to set a good example. This responsibility cannot be delegated;
- health and safety of individuals (employees, external service providers, subcontractors, etc.);
- a culture of financial performance.

2.2 Participants in the risk management and internal control processes

Everyone in the organisation plays a role in risk management and internal control, from the governing bodies to the employees of each Group subsidiary.

VINCI's **Board of Directors** represents all the shareholders collectively and is responsible for monitoring management performance, defining the Company's strategic choices and ensuring that the Company functions properly. It considers all major matters concerning the Group's business. In its report, the Board gives an account of the principal risks and uncertainties the Group faces, delivering information in particular on the Group's use of financial instruments.

In 2003, the Board adopted a set of internal rules and created several specialised committees: audit, strategy and investment, remuneration, and appointments and corporate governance. It delegated to the **Audit Committee** responsibility for the monitoring assignments defined by the 8 December 2008 Order transposing the European directive on statutory auditing. The principal activities carried out in 2011 in this regard can be found in part A of the Chairman's report (page 161). They are in line with the recommendations of the AMF working group on audit committees (dated July 2010).

The **Executive Committee**, composed of 14 members at the time of writing of this report (see page 14), is in charge of implementing the Group's strategy, defining its management policies (risk management, finance, human resources, safety, insurance, etc.), and monitoring their enforcement.

The **holding company** functions with a streamlined staff (201 people at 31 December 2011), suited to the Group's highly decentralised structure. In particular, the holding company's functional departments ensure that the Group's rules and procedures as well as the Executive Management's decisions are correctly enforced. Furthermore, and depending on the needs that are expressed, these departments advise business lines on technical matters but do not interfere with operational decisions, which are the sole responsibility of the business lines.

The **Audit Department** has a three-part role.

- Concerning risk management: based on guidelines from the Executive Management, it plays a leading role in deploying and implementing a structured, permanent and adaptable system, making it possible to identify, analyse and handle the principal risks. The Audit Department coordinates the risk management system by giving methodological support to the Group's operational and functional departments. It organises the meetings of the VINCI Risk Committee, which reviews and authorises new contracts exceeding certain thresholds set by Executive Management or presenting particular technical or financial risks.
- Concerning internal control: the Audit Department's role is to draft and disseminate the general internal control procedures set by the holding company, ensuring in particular that they are appropriate for the way the Group is organised and in accordance with the law. To this end, the Audit Department organises the annual self-assessment survey on the internal control of the various components of the Group.
- Concerning auditing: in addition to its own assignments, the Audit Department is supported by the work carried out by the business lines and by the members of the holding company's functional departments, depending on their areas of expertise.

The **business lines** carry out their activities based on the principles of action and conduct described in paragraph 2.1. In this regard, they implement risk management and internal control systems suited to their business.

3. Risk management system

"Risks" are defined as obstacles that might prevent the Company from achieving its objectives. These objectives may be strategic (commitments), operational (common or specific to a business activity), financial, or in relation to compliance with laws and regulations.

The Group applies the policies set by the Executive Committee. These policies aim, by strengthening the risk management process at the Group level, to comply with the new legal requirements and to ensure that risks are monitored in a more formalised, systematic and homogeneous manner. This plan involves operational managers, but without complicating operating methods. Risk monitoring is therefore an integral part of the existing procedures related to commitments and monitoring of operations.

A risk-mapping process encompassing all the Group's activities was created in 2009 and is updated annually as follows, in accordance with the AMF's recommendations:
- an anticipation of the main identifiable risks, either internal or external, that represent obstacles to the achievement of the Company's objectives;
- a qualitative assessment of risk criticality, taking into account the impact, likelihood and degree of control of each element of risk.

Deployment of this procedure across all business activities at the level of the holding company, business lines and divisions has enabled the Group to identify, assess and select the major risks for the various components of the Group: holding company, Concessions, Contracting and property. These risks are described in the chapter entitled "Risk factors", on page 108 of the Report of the Board of Directors.

Using a mapping system specific to each business (Concessions, Contracting), risk scorecards were developed in 2010. Their application makes it possible to present and assess the most significant events during Risk Committee meetings in a uniform manner.

4. Internal control system

The main procedures described below are common to all companies in the Group. There are specific procedures within each business line, in particular for the monitoring of projects and forecasting of results, especially for contracts spanning several years.

4.1 Compliance with laws and regulations

The Group's compliance objectives include the standards of conduct set by the laws and regulations in force.

The Legal Department of the holding company is responsible for:
- maintaining a legislative watch related to the various rules applicable to the Group;
- informing employees about rules pertaining to them;
- monitoring major acquisition projects and disputes that could affect the Group.

These provisions are supplemented by a system adapted to the business lines and subsidiaries, particularly those located outside France.

A variety of training and awareness sessions have been held in this regard.

As indicated under "Our commitments" in the sustainable development section (page 24), particular emphasis is placed on:
- safety of employees on construction sites through active implementation of the Group's accident prevention policy;
- purchasing and subcontracting.

4.2 Application of the guidelines and instructions of the Executive Management

The Chairmen of the companies heading business lines in the Contracting business (VINCI Energies, Eurovia and VINCI Construction), the Chairman of VINCI Autoroutes, the Chief Executive Officer of VINCI Concessions and the Chairman of VINCI Immobilier exercise the powers given to them by law.

Under the Group's internal organisation, they are also required to comply with the general guidelines issued for them by VINCI's Chairman and Chief Executive Officer.

These apply in particular to the following areas:
- compliance with the Code of Ethics and Conduct;
- entering into commitments, and in particular bidding for new contracts that are complex, of a significant size or involve significant potential risks; acquisitions and disposals; property transactions; and material off-balance sheet commitments;
- reporting to the holding company of accounting and financial information or information relating to events that are material for the Group, in particular in respect of safety, litigation, disputes, and insurance policies and claims.

These general guidelines require compliance with the holding company's procedures regarding bidding or investments. These procedures define thresholds above which specific authorisation must be obtained from the appropriate committees, namely the Risk Committee (see paragraph 4.3) or the Board of Directors' Strategy and Investment Committee, or where prior notifications must be issued to the Chairman and Chief Executive Officer and/or to certain VINCI functional departments.

These directives are cascaded through the organisation by the heads of the business lines:
- via delegations to their operational and functional staff for the provisions concerning them;
- to managers serving as company officers in a company in their business sector.

Operational and functional line managers regularly carry out field inspections in order to ensure that the principles of action and conduct described in paragraph 2.1 are being applied.

4.3 Procedures related to new commitments – the VINCI Risk Committee

Strict control procedures are in force that must be complied with before a new commitment is accepted.

The role of the Risk Committee is to assess:
• acquisitions and disposals of businesses;
• the terms and conditions of tenders for construction works which, by virtue of their scale, specific financing characteristics, location or technical characteristics, entail specific risks of a technical, legal, financial or other nature. The thresholds for automatic, prior review and vetting by the Risk Committee are defined in the general guidelines. They apply to the entire project, taking all works packages together, irrespective of the Group's share in the project or the manner in which contracts are awarded (call for tenders, direct contracts, etc.);
• all transactions relating to property development, public-private partnerships (PPPs), concession operations or long-term commitments, including all associated financing, whether in France or elsewhere.

For construction contracts, thresholds below those necessitating a review by the Risk Committee require that an information sheet be sent to VINCI's Executive Management, which may convene a Risk Committee meeting as needed.
Submission of a project to the Risk Committee formalises the commitment made by the manager of the subsidiary to his or her superiors as to the expected results.

Risk Committee meetings are usually attended by the following members:
• the Chairman and Chief Executive Officer of VINCI and/or the Executive Vice-President, Contracting;
• the Chairman (or Chief Executive Officer) of the business line involved;
• the Executive Vice-President and Chief Financial Officer of the Group;
• the Chief Audit Officer;
• the operational representatives of the company or companies presenting the project (Chief Executive Officer, project manager, etc.);
• the functional representatives of the company or business line involved (legal, insurance, finance, etc.).

The composition of the Risk Committee may be adjusted as a function of its agenda (e.g. review of property transactions, acquisitions of companies, concession contracts, PPPs).

The Group Risk Committee, in its various configurations, met 351 times in 2011 and reviewed 383 projects.

4.4 Procedures related to monitoring of operations

The business lines have their own operational control systems tailored to their business. Specific budget control measures have been implemented by the VINCI Energies, Eurovia and VINCI Construction business lines and by each of the concession activities (motorways, car parks, etc.). They make it possible to regularly monitor the progress of projects and contracts. These systems are compatible with those used to prepare and process financial and accounting information as described below.

Monthly dashboard reports on business, new orders, the order book and the Group's consolidated net borrowing position are prepared by the Finance Department on the basis of detailed information provided by the business lines.

Each main entity's Executive Management prepares a monthly report on key events.

The budget procedure is common to all Group business lines and their subsidiaries. It is built around five key dates in the year: the budget for the next year at the end of the current year, followed by four updates in March, May, September and November. Management committees meet twice a year, in May and November, at the time of the second and fourth budget updates, to examine each business line's performance and financial data. The Chairman and Chief Executive Officer of VINCI and the Executive Vice-President and CFO of the Group attend these meetings.

In addition, the business lines participate in regular monitoring of VINCI's social and environmental responsibility commitments as described under "Our commitments" in the sustainable development section, page 24, with a particular emphasis on safety.

4.5 Procedures related to the preparation and processing of financial and accounting information

The Budgets and Consolidation Department, reporting to the Finance Department, is responsible for the integrity and reliability of VINCI's financial information (parent company and consolidated financial statements) that is disseminated inside and outside the Group. To ensure the statements are produced, the department is specifically in charge of:
• preparing, approving and analysing VINCI's half-year and annual parent company and consolidated financial statements and forecasts (consolidation of budgets, budget updates and three-year forecasts);
• establishing, disseminating and monitoring the Group's accounting procedures and in particular their compliance with IFRS standards;
• coordinating "Vision", the Group's financial information system, which includes the consolidation process and unifies VINCI's various reporting systems (accounting and financial information, commercial data, debt, human resources).

The Budgets and Consolidation Department establishes the timetable and closure instructions for the preparation of the half-year and annual accounts. These instructions are sent to the business lines' Finance Departments and are presented in detail to the people in charge of consolidation in the related entities.

The Group's accounting rules and methods, including the definition of reporting documents and consolidation packages, are set out in widely distributed procedural notes and published on VINCI's corporate intranet. At each accounts closure, business lines transmit a package to the Budgets and Consolidation Department containing an analysis of the consolidated data submitted and comments thereon. Complex transactions are subject to specific analyses, which are validated by the Statutory Auditors.

The Statutory Auditors present their observations, if any, on the half-year and annual accounts to the Audit Committee before they are presented to the Board of Directors.

Before signing their reports, the Statutory Auditors request representation letters from Group management and management of the business lines. In these representations, Group management and management of the business lines confirm that to the best of their knowledge, all items at their disposal have been submitted to the Statutory Auditors so as to enable them to perform their duties and that any anomalies noted by the Statutory Auditors and still unresolved at the date of these representations do not have a material impact, either individually or in aggregate, on the financial statements taken as a whole.

5. Actions undertaken to strengthen internal control and risk management

5.1 Tasks carried out prior to 2011

In 2003, VINCI initiated an action plan intended to enhance the quality of the Group's internal control and risk management systems without calling into question the principles and features of its management organisation. This organisation combines an entrepreneurial culture, autonomy for operational managers, transparency and loyalty, and a network-based operating model, all in a decentralised environment. These actions included, in particular:

Evaluation of internal control

Annual self-assessment surveys to measure the quality of internal control, in accordance with the requirements of the French Financial Security Act, covered an ever-increasing number of Group entities, rising from 193 in 2005 to 310 in 2010.

Information systems

Surveys to assess the operation of information systems were carried out in 2006, 2008 (13 entities in France, building a representative sample) and 2009 (33 subsidiaries based outside mainland France).

5.2 Tasks carried out in 2011

In 2011, in line with its objectives, VINCI implemented its Fast Close procedure, aimed at closing and publishing its financial statements at the beginning of February, representing a one-month gain on its previous publication schedule.
With the help of an external consultancy, a team was put together specifically to organise and implement the Fast Close procedure at subsidiary and business line and holding company levels. Particular attention was paid to internal control during the procedure, so as to give more continuity to the monitoring function.

The annual self-assessment survey of internal control quality in the VINCI Group was carried out on 370 legal entities in 2011 (including 110 outside France), representing 83% of the Group's consolidated business. The questionnaire contained 53 questions (58 for entities at the head of a business line or division). The report prepared by the holding company's Audit Department was presented to the Audit Committee in December.

As in 2010, a specific questionnaire was sent to the Chairman and Chief Executive Officer covering matters related to his function.

Risk management was a key area of focus throughout the entire Group in 2011:
- risk maps were updated and the results of meetings between the Audit Department and the executives of the principal Group entities were integrated;
- risk scorecards enabling risks to be assessed and presented in a homogeneous way were used during meetings of the risk committees and for monitoring by the finance committees and during budget updates.

The "Code of Ethics and Conduct", previously disseminated via the corporate hierarchy, was made available to all employees on the Group intranet on 1 February 2011.

Each Group component (business lines, or divisions for VINCI Construction) prepared a report summarising the specific actions carried out in 2011. The reports, which in particular give an account of the audits and reviews carried out, did not reveal any significant problems.

In addition, VINCI's Audit Department carried out audits in each of the following business lines: VINCI Concessions, Eurovia, VINCI Energies and VINCI Construction.

These audits did not reveal any problems that might have a significant impact on the business or financial statements of the Group.

A working group, assisted by an external consultancy, prepared a report on the adequacy of the information systems used by VINCI's different business lines with respect to the Group's objectives. The report is based on the results of a survey of VINCI's component entities.

5.3 Work to be done in 2012 and beyond

VINCI aims to continue improving the organisation of internal control within the Group, while maintaining a streamlined chain of command, both at the holding company and business line levels.

VINCI's Executive Committee considers that a more effective flow of communication within the Group is essential to achieving current and future objectives, and has therefore initiated developments in the following areas:
- interoperability of Group networks;
- interoperability of messaging networks;
- redesign of VINCI's intranet and launch of version 2.0 based on a collaborative approach.

An action plan has thus been decided with deadlines at various intervals over the next two years.

The priority areas for improvement identified for all business lines also include:
- continued deployment within each business line of common management tools, especially in non-French subsidiaries;
- continued integration of entities acquired in 2010 (Faceo, Cegelec, Tarmac) by deploying the procedures and resources common to the Group and the business line, so as to ensure rapid dissemination and implementation of the Group's internal control culture, tools and practices;
- application of the Fast Close procedure to half-year financial statements, which will be published at the end of July.