Report of the Chairman on corporate governance and internal control procedures

Article L.225-37 of the French Commercial Code requires the Chairman of the Board of Directors of VINCI to report on the composition of the Board of Directors, how the Board's work is prepared and organised, and the internal control and risk management procedures put in place by the VINCI Group.

This report was prepared by the Chairman in co-ordination with the Chief Executive Officer and in liaison with the Company's legal and financial departments, the audit department being included in the financial department.

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

This report was approved by the Board of Directors at its meeting on 3 March 2010.

A. Corporate governance

1. Adherence 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 1 January 2008, use the Afep-Medef code as a 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).

Any provisions of this code that have been set aside are mentioned in this report.

2. Senior Management

Up until 9 January 2006, the Company was led by a Chairman and Chief Executive Officer. On that date, at the proposal of the Chairman and Chief Executive Officer who had decided to exercise his rights to retirement and in accordance with Article 15 bis of the Company's Articles of Association, the Board of Directors decided to separate the functions of Chairman and Chief Executive Officer in order to ensure a transition between the former Chairman and Chief Executive Officer and the new Chief Executive Officer, Mr Xavier Huillard.

This principle of organisation was maintained on 1 June 2006 on the appointment of Mr Yves-Thibault de Silguy as Chairman of the Board of Directors. At the time, Mr de Silguy was appointed with a view to improving corporate governance and, in particular, the functioning of the Board of Directors and its committees.

Chairmanship

The Chairman of the Board of Directors, Mr Yves-Thibault de Silguy, organises and directs the work of the Board and reports on this work to 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.

Regarding the composition of the Board of Directors, Mr de Silguy placed particular emphasis on ensuring the renewal of the members of the Board: eight directors resigned and five directors were appointed to the Board. The discussions of the Board were further enriched by the industry experience provided by these new members.

As regards its functioning, the Board meets on average 10 times a year and has a high level of attendance. The work of the Board is characterised by constructive and substantive discussions of financial and strategic issues.

The activities of the Board's committees have increased in scope, with each committee meeting on four or five occasions each year. Mr de Silguy chairs the Strategy and Investments Committee and the Appointments Committee.

In addition, Mr de Silguy works to promote VINCI's image to political and economic decision-makers in France and abroad. He also spends a significant part of his time meeting the managers of the Group's subsidiaries and providing them, as needed, with his assistance in their relations with their major clients.

Lastly, he attaches particular importance to the shareholder base and changes therein and regularly takes part in meetings with shareholders.

Senior Management

As Chief Executive Officer, Mr Xavier Huillard 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 and subject to the powers that the law attributes expressly to Shareholders' General Meetings and the Board of Directors. He represents the Company in its dealings with third parties and is responsible for overall operational management of the Company.
The Chief Executive Officer is in charge of providing the Board and its committees with the information they need, reporting on the highlights of the Company's operations over the period and implementing the Board's decisions. The Company's material transactions, referred to in

paragraph 3.3 below, are subject to prior approval by the Board. Furthermore, the Chief Executive Officer regularly presents the Company's performance and prospects to the financial community, in particular through roadshows.

Mr Huillard chairs the Executive Committee and the Management and Co-ordination Committee. The Executive Committee had 10 members at 31 December 2009 and has 13 members as of the date of this report. It met 40 times in 2009, with an average of three to four meetings per month. The Management and Co-ordination 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 development and on policies that affect multiple Group entities. This committee has 28 members and met four times in 2009.

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

Changes in the corporate governance structure

With regard to the expiry of the terms of office of Messrs Yves-Thibault de Silguy and Xavier Huillard in 2010, the Board members met, in some cases in the absence of the executive company officers, to discuss a new form of corporate governance for VINCI. In consultation with the concerned persons, the Board of Directors took a decision on this matter on 19 November 2009 and the Company immediately informed the public of the Board's decision. Considering that the objectives that it had set had been achieved and in light of the need to adopt a new Group governance structure which is better suited to the more challenging economic environment, the Board decided unanimously, in line with its chairman's proposal, to combine the functions of Chairman and Chief Executive Officer and to appoint a Vice-Chairman and Senior Director. The new form of governance will be implemented following the next Shareholders' General Meeting on 6 May 2010.

Subject to the renewal of their respective terms of office by the Shareholders' Meeting in May 2010, the Board will appoint Mr Xavier Huillard as Chairman and CEO of VINCI and Mr Yves-Thibault de Silguy as Vice-Chairman and Senior Director.

Under the new form of governance, the Chairman and CEO will have full responsibility for managing and representing VINCI. The role and responsibilities of the Vice-Chairman and Senior Director will be as follows:
- providing the Board with his insight on the operations the Board will be called to vote, supplementing the activity of the Board Committees, and ensuring the proper functioning of governance bodies on behalf of the Board. In particular, the Vice-Chairman will have the authority to call a Board of Directors meeting and include any item on the agenda; and
- assisting the Chairman and CEO in the framework of corporate governance as concerns organisation of the work of the Board and its committees.

Finally, the Vice-Chairman and Senior Director will assist and advise the Senior Management in the context of specific missions entrusted to him, including missions requiring him to represent the Company. These support and advisory services will be governed by a services agreement which shall be presented for the approval of the General Shareholders' Meeting on 6 May 2010.

This change in VINCI's corporate governance will strengthen the Company's operating efficiency and ensure a single source of representation while assuring the conditions for the Board to exercise its full range of powers and authorities. To this end, the Board adopted a new set of internal rules which determine the structure and principles of the organisation that will come into effect as from 6 May 2010.

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 13 members, including one member representing employee shareholders.

In 2009, a new director, Mr Michael Pragnell was appointed, the co-optation of Mr Jean-Pierre Lamoure was ratified by the Shareholders' General Meeting and the terms of office of two directors, Messrs François David and Patrick Faure, were renewed. Mr Bernard Huvelin's term of office as director expired in 2009 and was not renewed at the wishes of Mr Huvelin.

At its meeting of 3 March 2010, the Board of Directors, on the proposal of the Appointments Committee, decided to propose the appointment of a new director, Qatari Diar Real Estate Investment Company, to the Shareholders' General Meeting of 6 May 2010, following its acquisition of an equity interest in VINCI in connection with the Group's acquisition of Cegelec. This appointment remains conditional upon the effective completion of the said transaction.

The terms of office as directors of Messrs Yves-Thibault de Silguy, Xavier Huillard, Dominique Ferrero and Henri Saint Olive expire in 2010 and the Board will propose re-appointing them at the Shareholders' General Meeting on 6 May 2010.

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

The Company's Articles of Association provide than 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 the Shareholders' Meeting is asked to vote on the financial statements may be over 70.
At its meeting of 3 March 2010, the Board also made an assessment of the current directors' independence, in accordance with the criteria of the Afep-Medef code.

The Board decided to exclude the Afep-Medef code criterion stipulating that directors should not serve for longer than 12 years insofar as it is of the opinion that directors having served on the Board for more than 12 years are able to perform their duties in an independent manner.

After receiving the Appointments Committee's report, the Board concluded that the following five directors cannot be considered to be independent:
- Yves-Thibault de Silguy, who is the Chairman of the Board of Directors and will continue to exercise various duties for the Company after the next General Meeting;
- Xavier Huillard, who is the principal executive of the Company and is a Company Officer;
- Dominique Ferrero, in light of the fact that he holds responsibilities within the Natixis group, a bank providing financial services to the Company and that the links existing between Natixis and the VINCI Group are material;
- Jean-Pierre Lamoure, who has been a Group employee and is currently Chairman of Soletanche Freyssinet, a wholly-owned subsidiary of VINCI;
- Denis Vernoux, who is an employee of a Group company (VINCI Construction Grands Projets). The Board noted that Mr Vernoux is an elected member of an employee representative body, which gives him protection enabling him to be considered as an independent director in the sense of the European Commission Recommendation of 5 February 2005.

The Board of Directors considered that the eight other members of the Board, listed below, do not have relations with the Company, its Group or its management that might compromise their independence of judgement and are therefore independent:
- Dominique Bazy, in light of the fact that, since October 2009, he no longer has management responsibilities with UBS Investment Bank, a financial institution that could be involved in transactions entered into by the Company or its subsidiaries. Mr Bazy currently serves as a managing partner of Barber Hauler Capital Advisers and the Board considered that the VINCI Group has no links with Barber Hauler Capital Advisers and that Mr Bazy could thus be considered to be an independent director. Furthermore, Mr Bazy has been a director since 1996, i.e. for over 12 years, but the Board considered that this circumstance was not an obstacle to Mr Bazy being considered as an independent director;
- Robert Castaigne, who was Chief Financial Officer of Total and a member of its Executive Committee until May 2008. The Board considered however that any links that may exist between the Total Group and the VINCI Group (contracts for works or provision of goods between the subsidiaries of the two groups) are not sufficiently material to unfavourably affect Mr Castaigne's independence of judgement;
- François David, who is Chairman of Coface, which provides credit insurance on contracts entered into by VINCI subsidiaries. The Board considered however that any links that may exist between the Coface Group and the VINCI Group are not sufficiently material to adversely affect Mr David's independence of judgement;
- Patrick Faure, who held management duties or director's appointments in automobile manufacturing companies (Renault) until 2006. Furthermore, Mr Faure has been a director since 1993, i.e. for over 12 years, but the Board considered that this circumstance was not an obstacle to Mr Faure being considered as an independent director;
- Jean-Bernard Lévy, who has management responsibilities (Chairman of the Management Board) in Vivendi. Until 2002, this company was a large shareholder in VINCI and commercial relations remain between VINCI and some Vivendi Group subsidiaries. The Board considered however that these links are not sufficiently material to adversely affect Mr Lévy's independence of judgement;
- Henri Saint Olive, who has management responsibilities (Chairman of the Board of Directors) of Banque Saint Olive, a bank that could be involved in transactions entered into by the Company, its subsidiaries or personally by its executives. The Board considered however that these transactions are not sufficiently material to adversely affect Mr Saint Olive's independence of judgement;
- Michael Pragnell, who held management responsibilities within Syngenta AG until 2007;
- Pascale Sourisse, who has management responsibilities in the Thales Group. The Board considered however that any links that may exist between the Thales Group and the VINCI Group are not sufficiently material to adversely affect Mrs Sourisse's independence of judgement.

Consequently, based on the Board's composition, the Board of Directors considered that eight of the 13 members, i.e. more than half, are independent.

The Board of Directors meeting on 3 March 2010, on the proposal of the Appointments Committee, decided to propose the appointment of a new director, Qatari Diar Real Estate Investment Company, to the General Shareholders' Meeting on 6 May 2010. The Appointments Committee examined the situation of this company which, following the conclusion of the transaction in progress, would own less than 6% of the share capital and voting rights of VINCI and noted that this equity interest could vary in a range of between 5% and 8%. It also reviewed the relations existing between this company and other VINCI Group companies and recommended to the Board of Directors that the company be considered as an independent director.

3.2 Personal situation of Company Officers

As of the date of registration of this document, to the Chairman's knowledge:
- there are no family links between any of VINCI's Officers;
- none of VINCI's Officers has been found guilty of fraud in the last five years;
- none 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 publicly 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 corporate management or supervisory body of an issuer of securities nor from being involved in the management or conduct of the affairs of an issuer of securities 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 2009.

3.3 The Board of Directors internal rules

In May 2003, the Board of Directors adopted a set of internal rules, which is periodically amended, with the last update completed in 2009, and which sets out the rules applicable to the functioning of the Board and its committees. The internal rules also include a code of ethics which sets out the behaviour expected of Board members. These rules may be consulted on the Company's website (www.vinci.com).

The Board has made several amendments to the internal rules which shall come into effect at the end of the next Shareholders' General Meeting once the new form of corporate governance has been implemented.

The internal rules of the Board of Directors require that the Board examines and gives prior approval to any significant transactions undertaken by the Company and in particular the determination of its strategic choices, material acquisitions and disposals of financial holdings and assets that are likely to alter the structure of the Company's balance sheet and, in any case, all acquisitions and disposals of shareholdings and assets of €200 million or more, as well as any transactions that fall outside the Company's announced strategy and any transaction that could be referred to it for its review by the Strategy and Investments Committee.

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 2009

In 2009, the Board of Directors discussed all major matters relating to the Group's activities. The Committee met 11 times during the year and the average attendance rate at its meetings was 91%. The Executive Vice-President and Chief Financial Officer assists the work of the Board. The General Counsel acts as the Board Secretary.

In respect of the financial statements and day-to-day management of the Company, the Board:
- closed the annual consolidated and parent company accounts at 31 December 2008 together with the half-yearly consolidated and parent company accounts at 30 June 2009;
- prepared and convened the Combined General Shareholders' Meeting of 14 May 2009, and defined the terms of its various reports to the meeting, the agenda and the resolutions submitted for the approval of the shareholders;
- amended a draft resolution relating to the delegation of powers to be granted to the Board of Directors in respect of share subscription options;
- decided to submit to the Combined General Shareholders' Meeting of 14 May 2009 an option for payment of the final dividend in respect of 2008 in new shares and decided payment of an interim dividend in respect of 2009;
- was informed of the work of the Board committees;
- examined the Group's financial situation and indebtedness;
- examined the budgets and budget updates;
- examined the Group's quarterly revenue statements;
- approved the share buy-back policy and allocation of treasury shares;
- was informed of the share capital evolution and employee shareholding through unit trusts in the Castor France, Castor International, ASF and Entrepose Contracting company savings funds;
- authorised the issue of guarantees, renewed delegations of powers in respect of suretyships, guarantees and endorsements, and reconstituted the global envelope available to the Chief Executive Officer for issue of suretyships, guarantees and endorsements.

As regards corporate governance and remuneration, it:
- assessed the independence of the Board members in respect of the Afep-Medef code criteria;
- acquainted itself with the review of the performance criteria performed by the Remuneration Committee for the supplementary pension of the Chairman of the Board of Directors;
- set the remuneration of the Chairman of the Board of Directors and the Director and Chief Executive Officer;
- proposed the appointment of a new director and the renewal of the terms of office of two directors;
- modified the composition of the Board Committees;
- proposed a change to the form of corporate governance to be implemented after the Shareholders' General Meeting of 6 May 2010 and amended the internal rules accordingly.

As regards employee savings plans and incentive schemes, the Board:
- decided to implement three operations for France and one international operation in connection with the Castor company savings fund and set the subscription price of the shares to be issued for each of these operations over the periods 4 May to 31 August 2009, 1 September to 31 December 2009 and 4 January to 30 April 2010;
- adopted a new scale of employer contributions to the Group Savings Scheme for 2010;
- examined the proposal for the introduction of a new savings vehicle "Castor Rebond 2010/2014";

- decided on the implementation of a mixed share subscription and performance share plan;
- effected the final allocation of performance shares (2008 VINCI plan).

In addition, the Board:
- examined and approved plans for the acquisition of Cegelec and the acquisition of quarries belonging to the Tarmac company;
- examined and approved two proposed tenders for public-private partnerships.

One of the Board of Directors meetings was held in Berlin. During this meeting, the activities of VINCI in Germany were presented to the directors. A visit to the Eurovia worksite for the Berlin-Brandenburg International (BBI) airport was also organised on this occasion.

Lastly, the business activities of Soletanche Freyssinet and Consortium Stade de France were also presented to the directors.

3.4.2 The Board committees

The terms of reference and the manner of functioning of the committees are governed by the internal rules of the Board of Directors which were amended by the Board in 2009 to ensure compliance with the provisions of Article L.823-19 of the French Commercial Code created by Order no. 2008-1278 of 8 December 2008. Each committee has a role to play in analysing and preparing certain of the Board's 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 a committee and to which it is accountable. Minutes of each committee's meetings are drawn up and distributed 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 consolidated and parent company financial statements and the quality of the information given.

In particular, its duties are to monitor:
- the process of compiling financial information: examine the Group's annual and half-yearly consolidated and parent company financial statements before they are presented to the Board, to satisfy themselves that the accounting policies and methods are appropriate and consistently applied and to prevent 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) as concerns internal control, to assess the Group's internal control systems with the managers of the internal audit function and to examine with them the internal audit work programme and actions, their conclusions and recommendations arising thereon and the actions taken as a result; (b) as concerns risks, to review regularly the Group's main exposures to financial risk and in particular off-balance sheet commitments;
- legal control of the parent company and consolidated financial statements by the Statutory Auditors and the independence of the Statutory Auditors: to examine with the Statutory Auditors their work programmes, conclusions and recommendations, as well as actions taken as a result; verify compliance with the obligation of independence of the Statutory Auditors, 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 recommendations on this point; and
- the Group's policy in respect of insurance.

Composition
The Audit Committee comprises at least three directors designated by the Board. The Chief Financial Officer and the Statutory Auditors attend Audit Committee meetings. Until 14 May 2009, its members were Henri Saint Olive (chairman), Robert Castaigne and Pascale Sourisse. Since 14 May 2009, the committee has been chaired by Henri Saint Olive and its members are Robert Castaigne, Michael Pragnell and Pascale Sourisse. All four are considered independent directors. By virtue of their professional experience and qualifications, the members of the Audit Committee have the necessary competency to serve on the committee. Their experience and qualifications are described in the curriculum vitae set forth in the management report on pages 111-113.

Activities in 2009
The Audit Committee met four times in 2009, with a participation rate of 79%.

In particular, in addition to the accounts prepared during the period, it examined:
- as concerns internal control and audit: the organisation of internal control within Entrepose Contracting and Escota, the report of the chairman on internal control procedures, the results of the IT security audit for subsidiaries based outside continental France, an update on the risk mapping of VINCI, the risk management system, the auditors' audit engagement;
- as concerns financial and accounting matters: the various budget updates, the Company's cash position and financial debt position, the financing and management policy up until end-December 2009 and the Group's financial policy;
- follow-up for risk management (with, in particular, updates on disputes in progress and the Group's insurance policy and programme).

In the exercise of its duties, the Audit Committee, inter alia, interviewed the Chief Financial Officer, the Head of Budget, Consolidation and Accounting, the Chief Audit Officer, the Head of Treasury and Financing, the Insurance Manager, the General Counsel, the Statutory Auditors and the financial officers of several business lines to which particular attention was paid in connection with the assessment of internal control procedures. Secretarial duties for the committee are the responsibility of the Head of Budget, Consolidation and Accounting.

The Strategy and Investments Committee

Terms of reference
This committee helps the Board develop the Group's strategy. It examines proposed contracts, investments and divestments that could have a material impact on the Company's scope, activities, results or stock market performance before they are presented to the Board.

In particular its duties are to:
- prepare the Board's discussions on the Group's strategy;
- formulate an opinion, for the benefit of the Senior 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.

The committee is also informed by the Senior Management of the state of progress of long-term projects that entail, with regard to the VINCI Group's share, a total investment, in equity or debt, of more than €100 million.

Composition
The Strategy and Investments Committee comprises at least three directors designated by the Board. Until 14 May 2009, its members were Yves-Thibault Silguy (chairman), Pascale Sourisse, François David, Patrick Faure, Bernard Huvelin and Denis Vernoux. On 14 May 2009, Bernard Huvelin stood down from the committee and Jean-Pierre Lamoure joined the committee. Dominique Ferrero has been a member of the committee since 7 July 2009. The Chief Executive Officer, the Chief Financial Officer and the Vice-President, Business Development of VINCI attend the meetings of the Strategy and Investments Committee. Secretarial duties for the committee are the responsibility of the Board Secretary.

Activities in 2009
The Strategy and Investments Committee met seven times in 2009, with an average participation rate of 81%.

During the year it considered in particular:
- various acquisition projects: Ennstone (a UK producer of aggregates), Cintra Aparcamientos (the car park management subsidiary of Grupo Ferrovial), Cegelec (French electrical engineering group), Tarmac (UK quarry company) and Middlesex Florida (a division of TMC specialised in quarries and aggregates);
- various multi-year concession contracts and public-private partnerships involving, for the portions of the contracts awarded to VINCI, an aggregate investment (equity and debt) in excess of €100 million (e.g. the A5 A-Modell and A8-II A-Modell motorways in Germany, the R1 expressway in Slovakia, a road maintenance project in Birmingham in the UK, the Notre Dame des Landes airport in France, the Moscow–St Petersburg motorway in Russia, the A3 Comarnic–Brasov motorway in Romania and the CDG Express, TGV Sud Europe Atlantique and Bretagne–Pays de la Loire rail schemes in France).

The Remuneration Committee

Terms of reference
The Remuneration Committee proposes the terms and conditions of remuneration of the Company Officers to the Board.
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 Chairman, the Chief Executive Officer, the Senior Executive Vice-Presidents and, if applicable, any salaried employees who are members of the Board;
- propose to the Board the determination of an overall package of performance shares and/or share subscription or purchase options relating to the Company's shares and the general and specific conditions applicable to these allocations;
- express an opinion on the Senior Management's proposals regarding the number of beneficiaries;
- propose to the Board an aggregate amount of directors' fees and the manner of their allocation.

Composition
The Remuneration Committee comprises at least three directors designated by the Board. Its Chairman is Jean-Bernard Lévy and its members are Dominique Bazy and Robert Castaigne. All committee members are independent directors.

The Chief Executive Officer attends meetings of the committee when it is examining the proposals of the Senior Management relating to the Group savings fund and long-term incentive systems. Secretarial duties for the committee are the responsibility of the Board Secretary.

Activities in 2009
The Remuneration Committee met four times in 2009, with a participation rate of 100%.

The committee examined and made proposals to the Board regarding:
- the variable component of the Chairman's and Chief Executive Officer's remuneration for the 2008 financial year and, more generally, the remuneration of Executive Company Officers;
- determination of performance-related conditions applying to the supplementary pension of Mr de Silguy;
- the amount of directors' fees;
- the Group employee savings scheme;
- the final allocation of performance shares (2008 plan);
- incentive schemes, including the performance share and share subscription option plan;
- the situations of Mr de Silguy and Mr Huillard for the period 1 January 2010 up until the Shareholders' General Meeting on 6 May 2010.

The committee also deliberated on the situations of Mr de Silguy and Mr Huillard for the period after 6 May 2010, subject to the renewal of their terms of office.

The Appointments Committee

This committee will be renamed "Appointments and Corporate Governance Committee" as from 6 May 2010.

Terms of reference
The committee:
- prepares the Board's discussions on the assessment of the Company's Senior Management;
- examines, on a consultative basis, the Senior Management's proposals relating to the appointment and dismissal of the Group's principal executives;
- is informed of the policy drawn up by the Senior Management on the management of the Group's senior executives;
- makes proposals on the selection of directors;
- examines all candidacies for appointments to the Board and expresses an opinion or recommendation to the Board on those candidacies;
- prepares, in a timely manner, recommendations and opinions on the appointment or succession to the posts of Executive Company Officers.

Composition
The Appointments Committee comprises at least three directors designated by the Board. Until 7 July 2009, its members were Yves-Thibault Silguy (chairman), Dominique Bazy and Henri Saint Olive. Dominique Ferrero became a member of the committee on 7 July 2009. This composition does not comply with the recommendations of the Afep-Medef code insofar as an executive company officer is a member of the committee. The Board considered however that this composition was not likely to adversely affect the judgement of members of the Appointments Committee in carrying out their functions.

The Chief Executive Officer attends the committee's meetings when it examines the Senior Management's proposals relating to the appointment and dismissal of the Group's senior executives and when it is informed of the policy drawn up by the Senior Management on the management of the Group's senior executives. Secretarial duties for the committee are the responsibility of the Board Secretary.

Activities in 2009
The committee met four times in 2009 with an average attendance rate of 94%.

The committee:
- carried out the assessment of the Board of Directors and the independence of its members and noted the absence of any conflicts of interest during the 2009 financial year;
- discussed and proposed the re-appointment of directors whose terms of office expired at the 2009 Shareholders' General Meeting;
- examined the candidacies for the position of director and proposed the appointment of Mr Michael Pragnell;
- reviewed the composition of the Board committees;
- examined the candidacy of Mr Franck Mougin for the position of Vice-President, Human Resources and Sustainable Development;
- examined the succession plan for executive company officers and senior executives.

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 for one Board 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, under the supervision of a director or with the assistance of an external consultant.

At the Board of Directors meeting of 3 March 2010, the Board expressed satisfaction with the functioning of the Board in 2009, and considered that its composition was suited to its duties. The Board met on several occasions to discuss the Group's corporate governance structure and to adopt a new set of internal rules. The Board decided to complete a formal assessment no later than the first half of 2011, after the new governance structure has been implemented and become fully effective.

For reference, the last formal assessment was completed in February 2008 and was carried out with the assistance of an external firm of consultants.

4. Principles and rules for determining Company Officers' remuneration and interests of whatever nature

4.1 Executive Company officers' remuneration and interests

The remuneration of Executive Company Officers is set by the Board of Directors upon proposal of the Remuneration Committee.

Up until 2010, the remuneration package for Executive Company Officers comprised a fixed fee, which was set at the time of appointment of the executive company officer and reviewed annually by the Board of Directors after examining the Remuneration Committee's proposals, together with a variable fee which corresponds to the amount of the variable fee allocated in respect of the previous year, on the one hand, and, on the other, to a performance index calculated by means of a formula combining the following indicators: (a) net earnings per share; (b) cash flow per share; (c) return on capital employed; (d) variation in the VINCI share price; (e) the relative performance of the VINCI share compared to the CAC 40 index; (f) the relative performance of the VINCI share compared to a basket of European companies in the same sector; and (g) evolution of the dividend.

For the Chief Executive Officer, the variable fee also includes a fee paid at the discretion of the Board.

As an employee of the Group, the Chief Executive Officer benefits, in the same way as the Group's other senior executives, from supplementary pension arrangements guaranteeing an additional annual pension capped at €86,712 per year until 2009. The termination of Mr Huillard's employment contract as from the date of his appointment as Chairman and Chief Executive Officer will cause him to lose the benefit of the supplementary pension scheme. Subject to the approval of the Shareholders' General Meeting of the corresponding commitment made by the Board of Directors, Mr Huillard would benefit from a new defined-benefit pension scheme which has been devised for VINCI SA's senior executives and which is described on page 117.

The Chairman benefits from a special pension arrangement amounting to €380,000 per year, subject to performance conditions, to replace equivalent arrangements that lapsed when the Chairman resigned from the Suez Group. Given that this arrangement is to the benefit of a single person, it is not in compliance with the Afep-Medef code.

Executive Company Officers of VINCI do not benefit from the mixed incentive scheme for the allocation of share subscription options and performance shares, as decided by the Board of Directors meeting of 31 August 2009.

Remuneration policy for 2010

The Board of Directors has defined new rules for the remuneration of the Company Officers.

Mr Yves-Thibault de Silguy
For 2010, the Board of Directors decided (i) to maintain the fixed remuneration for Mr de Silguy in his capacity as Chairman for the period from 1 January to 30 April 2010 at €62,500 (gross) per month (i.e. €750,000 on an annual basis); and (ii) that Mr de Silguy's variable remuneration for the period from 1 January 2010 until the expiry of his term of office will be determined in 2011 on a pro rata temporis basis using the performance index described above.

Mr de Silguy intends to exercise his rights to retirement as from 30 April 2010.

As from 6 May 2010, and subject to the renewal of his term of office as a director, Mr de Silguy will be entitled in his capacity as Vice-Chairman and Senior Director to directors' fees which shall be calculated using the method described in paragraph 4.2.

Finally, at its meeting on 3 March 2010, the Board of Directors approved the ratification of a services agreement between the Company and the YTSeuropaconsultants firm of which Mr de Silguy is the sole partner. The agreement provides for an annual fee of €330,000 (ex. VAT) and will have a one-year duration which shall be renewable by tacit agreement. The assignments performed by Mr de Silguy will be subject to annual review by the Audit Committee. This agreement will be submitted for the approval of shareholders at the next Shareholders' General Meeting.

Mr Xavier Huillard
At its meeting on 3 March 2010, the Board of Directors decided to set the fixed remuneration for Mr Huillard in his capacity as Chief Executive Officer for the period from 1 January 2010 to the expiry of his term of office as Director and Chief Executive Officer on 6 May 2010 at €700,000 on an annual basis and calculated on a pro rata temporis basis.

In addition, the Board of Directors decided to define, as follows, the remuneration and benefits package for Mr Huillard for the period commencing as from his appointment as Chairman and Chief Executive Officer and throughout the duration of his term of office, subject to the renewal of his term of office as a director:
- a fixed remuneration component of €700,000, on an annual basis, for the period from 6 May to 31 December 2010; the Board plans to increase this remuneration to €900,000 as from 1 January 2011;
- a variable remuneration component applicable as from the beginning of the 2010 financial year and comprising a two-part bonus, with one part calculated according to three financial criteria (net earnings per share, operating income per share and free cash flow) and a second part calculated based on qualitative factors, which may vary between €0 and €1,440,000 according to his management performance;
- a long-term incentive scheme, allowing for the allocation of incentive awards which are not guaranteed and will be fully vested at the end of Mr Huillard's term of office. The scheme awards will be adjustable, progressive, variable and tied to specific performance objectives. Barring exceptional circumstances, incentive scheme awards will only be vested once the beneficiary has completed his term of office.

The incentive scheme involves the grant, for each of the four years of Mr Huillard's term of office, of an amount equivalent to 16,600 times the value of the VINCI share, provided that ROCE exceeds 6%, and 41,500 times the increase in the VINCI share price over a one-year period, provided that the performance of the VINCI share relative to a peer group comprising at least 10 European construction and infrastructure concessions companies is greater than or equal to 5%. The amount of the annual allocation will be reduced if these performance objectives are not met and will be nil if ROCE is below 5% and, as the case may be, if the performance of the VINCI share price is less than 5% relative to the peer group.

- Mr Huillard will be deemed to have the status of a senior executive, thereby entitling him to benefit from the additional supplementary pension scheme established for senior executives of VINCI SA (mentioned in paragraph 3.2 d of the management report, page 117) as well as the Group's welfare benefit plans.
- Mr Huillard will be eligible for the payment of severance compensation in the event that the Company terminates his corporate office prior to the expiry of his term of office as a director (at the end of the General Meeting called to approve the financial statements for the period ending 31 December 2013), which will be limited to 24 months of his remuneration and subject to performance conditions. Severance compensation shall be equal to 24 months in the event of an average performance which is at least equal to 130% of the objective and nil if the average performance is less than or equal to 70% of the objective.

The latter two commitments will be proposed in resolutions submitted for the approval of shareholders at the next Shareholders' General Meeting.

As from the entry into effect of the above provisions, the employment contract held by Mr Huillard since 1996 will cease by way of Mr Huillard's resignation, without entitlement to severance compensation, in accordance with the recommendations of the Afep-Medef code.

4.2 Directors' fees

The Shareholders' General Meeting of 4 May 2004 set the aggregate amount of directors' fees at €800,000 as from the financial year starting on 1 January 2004.

At its meeting of 27 February 2008, the Board of Directors allocated the directors' fees for the year commencing 1 January 2008, as per the recommendation of the Remuneration Committee, in the following amounts:

- €70,000 for the Chairman of the Board, including €20,000 as a variable fee;
- €40,000 for each director, including €20,000 as a variable fee;
- a supplementary amount of €25,000 for the chairman of each committee and a supplementary amount of €15,000 for the members of the Audit Committee and of €10,000 for the members of the other committees. Payment of the variable fee depends on the attendance of members at Board Meetings, an amount of €2,500 being deducted from the variable fee for each absence from Board Meetings after the first.

The Board of Directors will propose to the Shareholders' General Meeting of 6 May 2010 to increase the aggregate amount of directors' fees to €920,000, including the special fee for the Vice-Chairman.

As from 6 May 2010, the Chairman and Chief Executive Officer will no longer receive any directors' fees from the Company. The Vice-Chairman and Senior Director will be entitled to receive directors' fees which will be allocated as follows:

- a special fee of €140,000, including €30,000 as a variable fee;
- fees corresponding to the chairmanship of the Strategy and Investments Committee and the Appointments and Corporate Governance Committee.

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

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

"Shareholders' 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
- for bearer shares, registration of the shares with an authorised intermediary, who provides an attendance certificate, if necessary by electronic means.

These formalities must be completed no later than midnight (Paris time), on the third working 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 working 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.

Individual shareholders may also attend the Shareholders' Meeting by videoconference or by other means involving telecommunications, subject to the conditions and restrictions set out by legislative and regulatory provision in force, if the Board of Directors so authorises at the time the meeting is convened. Shareholders attending in this manner are considered present and are included in the calculation of the quorum and the majority. Postal votes are treated under the terms and conditions set out in legislative and regulatory provisions. Shareholders may send proxy forms and postal votes for every Shareholders' Meeting by mail, under the conditions set out in legislative and regulatory provisions, or by electronic means, if the Board of Directors so authorises in the notice of the meeting.

Shareholders' 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 of Directors to that effect. Failing that, the Shareholders' Meeting elects its own Chairman.

The Minutes of the Shareholders' Meetings are drawn up and the copies thereof are certified and delivered in compliance with legislative and regulatory provisions in force."

At the Shareholders' General Meeting on 6 May 2010, shareholders will be asked to amend Article 17 of the Articles of Association ("Shareholders' Meetings") as follows:
"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 by any other telecommunication or electronic transmission means including the Internet, subject to the conditions stipulated by the applicable regulations in force at the time such means are used. If this decision is taken, it is communicated in the meeting notices.

Postal votes can be cast subject to the terms and conditions and the manner defined by legislative and regulatory provisions. Shareholders may transmit proxy forms and postal votes for every Shareholders' Meeting, under the conditions set out in legislative and regulatory provisions, either by mail or, if the Board of Directors so authorises in the notice of the meeting, by electronic means, including by the Internet. Those shareholders who use, within the required time period, the electronic voting form which is made available by the centralising bank on its website 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 meet 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, sub-section 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 General Meeting by electronic means, together with the acknowledgement of receipt provided, shall be considered as irrevocable written evidence that is enforceable with regard to all the parties involved, it being specified that in the event of a sale of shares that takes place before the third working day prior to the Meeting at zero hour (Paris time), the Company shall invalidate or amend the proxy form or vote cast prior to such date and time according, where applicable."

6. Publication of the 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 public offer is published in the management report on page 147.

B. Internal control and risk management procedures

1. Introduction

1.1 Definition – Reference framework

In January 2007, 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 "The Internal Control System: Reference Framework."
This document is used as a reference framework for the Group.
The VINCI internal control system encompasses a set of resources, behaviours, procedures and actions, suited to the specific characteristics of the VINCI Group, which:
- contributes to the optimal control of its activities, the effectiveness of its operations and the efficient use of its resources;
- must allow it to take into account, as appropriate, significant risks, whether operational, financial or in respect of compliance.

The system aims more particularly to ensure:
- implementation of the instructions and guidelines set by the Senior Management;
- the satisfactory functioning of the Company's internal processes, notably those contributing to the safeguarding of its assets;
- the reliability of financial reporting;
- compliance with laws and regulations.

Notwithstanding this, like any control system, internal control, however well designed and implemented, cannot provide an absolute guarantee that these risks have been completely eliminated.

1.2 Scope of application of internal control

The scope applies to the holding company and subsidiaries included within the scope of consolidation. The list of consolidated subsidiaries is provided in note J of the consolidated financial statements, pages 252-256. For the specific case of the Belgian company CFE – in which VINCI has a 46.84% capital stake – and its subsidiaries, these provisions are adapted to the specific features of the Belgian law, which attributes responsibility for internal control to the Board of Directors of companies listed on the stock exchange.
Furthermore, Entrepose Contracting, which is listed on the Paris stock exchange and is a consolidated subsidiary of VINCI, issues its own Chairman's report on internal control procedures.

2. Organisation and environment of internal control

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. In order to enable the manager of each profit centre – some 2,500 in total in the Group – to take the required operational decisions rapidly, a decentralised organisation has been implemented in each of the four business lines (Concessions, Energy, Roads and Construction) and 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 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 divisional and holding company functional departments. 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.). Although an integral part of operational managers' duties is to take decisions alone, within the framework of the general guidelines received, on matters falling within their area of competence, any difficulties encountered must be handled with the assistance, as necessary, of their line management superiors or the functional departments of the divisions and the VINCI holding company;
- compliance with the laws and regulations in force in the countries where the Group operates;
- responsibility of operational executive managers to communicate the Group's principles governing action and conduct to their staff by appropriate means and to set an example. This responsibility cannot be delegated;
- safety of individuals (employees, external service providers, sub-contractors, etc.);
- a culture of financial performance.

2.2 Participants in the internal control process

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 satisfactory functioning of the Company. It considers all major matters concerning the Group's business.

The Board of Directors, which adopted a set of internal rules in 2003 and established specialised committees for audit, strategy and investments, remuneration and appointments, has delegated certain specific tasks to the **Audit Committee** regarding accounting rules and procedures, and the monitoring and analysis of accounts and forecasts, internal control and risk management.

The **Executive Committee** has 13 members as of the date of this report:
- the Director and Chief Executive Officer;
- the Chairman of VINCI Construction and Executive Vice-President with responsibility for contracting (since January 2010);
- the Executive Vice-President and Chief Financial Officer of the Group;
- the Chairman and Chief Executive Officer of Eurovia;
- the Chairman of VINCI Construction France and Chief Operating Officer of VINCI Construction;
- the Chairman and Chief Executive Officer of VINCI Energies;
- the Co-Chief Operating Officer of VINCI Concessions;
- the Chairman of VINCI Autoroutes;
- the Vice-President, Business Development;
- the Vice-President, Human Resources and Sustainable Development;
- the Chairman of VINCI Construction Grands Projets (since February 2010);
- the Director and Chief Executive Officer of Soletanche Freyssinet (since February 2010);
- the Director of Corporate Communications (since February 2010).

The Executive Committee is in charge of implementing the Group's strategy and of defining and its management policies (finance, human resources, safety, insurance etc.).

The **holding company** functions with a streamlined staff (163 people at end-December 2009), suited to the Group's strongly decentralised structure. In particular, the holding company's functional departments have to ensure that the Group's rules and procedures and Senior Management's decisions are applied. Furthermore, and depending on needs expressed, these departments advise divisions on technical matters but do not interfere in the taking of operational decisions, which are the sole responsibility of the divisions.

The role of the holding company's **audit department** is to draw up and disseminate the general procedures laid down by the holding company and to supervise the situation in each division as regards procedures, ensuring in particular that they are suited to the Group's situation and organisation, while complying with the requirements of the law dated 3 July 2008, which contains various provisions to adapt French Company Law to European Community Law (DDAC Act no. 2008-649), and with the provisions of the Order of 8 December 2008.

In this connection, the audit department's role is to co-ordinate the risk management process. In particular, it organises the meetings of the VINCI Risk Committee in charge of reviewing and authorising the acceptance of new contracts that exceed certain thresholds set by Senior Management, then records and follows up the Risk Committee's decisions.

The audit department works mainly with the divisions' internal audit staff as well as with personnel from the holding company's functional departments.

The **divisions** conduct their business activities in accordance with the principles of action and behaviour described in paragraph 2.1. To this end, they implement internal control systems which are tailored to the specific requirements of their business.

3. Identification of risks and risk management system

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

An action plan initiated in 2003 led, initially, in 2004, to identification of the main risks and the associated controls in the business divisions, and subsequently to actions to strengthen internal control.

In October 2008, the Executive Committee reaffirmed its objective of implementing a risk management system at Group level with the twin aims of satisfying new legal requirements and ensuring more uniform, systematic and formalised monitoring of the risks incurred. This action plan involves operational managers without introducing further complexities in operating methods. Risk monitoring is therefore included in the framework of the meetings provided for by existing procedures in respect of commitments and monitoring of operations.

A risk mapping process encompassing all the Group's activities was initiated in 2008 and completed in 2009. This process included the following phases:

- development by the holding company of a methodology guide providing a general procedure for risk identification and analysis. In accordance with the AMF Recommendations of January 2007, which serve as the reference framework for internal control, this methodology guide covers:
  - an inventory of identifiable risks, either internal or external, that represent obstacles to the achievement of the Company's objectives;
  - a qualitative assessment of risk severity which takes into account the impact, likelihood, and degree of control for individual risks;
- the deployment of this procedure across all business lines at the level of the holding company, divisions and sub-divisions (total of 15 entities) enabled the Group to identify, assess and select the major risks for each of the Group's business lines: holding company, concessions operations and contracting. These risks are described in greater detail in the "Risk factors" chapter of the management report.

The risk map will be updated annually.

4. Principal internal control procedures

The main procedures described below are common to all companies in the Group. There are specific procedures within each division, 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 standards of behaviour included in the Group's compliance objectives are set by the laws and regulations in force.

The legal department of the holding company is responsible for:
- maintaining a legislative watch in order to remain informed of the different rules applicable to the Group;
- informing the employees concerned about the 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 divisions and subsidiaries, particularly those located outside France.
A variety of training and awareness actions have been deployed in this regard. In particular, in 2009, a convention for the Group's legal counsels was organised by the legal department.

As discussed in the "Sustainable development" section, particular emphasis is placed on:
- safety of employees on worksites through active implementation of the Group's risk prevention policy;
- purchasing and sub-contracting.

4.2 Application of the guidelines and instructions of Senior Management

The chairmen of the companies heading divisions (VINCI Energies, Eurovia and VINCI Construction), the Chief Operating 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 by VINCI's Director and Chief Executive Officer, which they have formally accepted.
These apply in particular to the following areas:
- the entering into commitments, and in particular the acceptance of new contracts of a significant size or involving significant potential risks; acquisitions and disposals; property development, and material off-balance sheet commitments;
- the reporting of accounting and financial information to the holding company or information relating to events that are material for the Group, in particular in respect of litigation, disputes and insurance policies and claims.

In particular, these general guidelines require compliance with the holding company's procedures regarding the acceptance of new contracts or investments. These procedures define thresholds above which specific authorisation has to be obtained from the appropriate committees, namely the Risk Committee (see paragraph 4.3) and the Strategy and Investment Committee, or where prior notifications have to be issued to the Director and Chief Executive Officer or certain VINCI functional departments or both.
These directives are cascaded through the organisation by the heads of the divisions:
- via delegations to operational and functional staff for the provisions concerning them;
- to executives serving as company officers in a company in their business sector.

Operational and functional line managers regularly carry out field inspections and spot checks in order, in particular, to satisfy themselves that the directives and principles described in paragraph 2.1 are applied continuously and effectively.

4.3 Procedures in respect of new commitments – the VINCI Risk Committee

Strict 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, the specific characteristics of their financing, their location or technical characteristics entail specific risks of a technical, legal, financial or another nature. The limits determining whether offers for work must be reviewed and vetted by the Risk Committee are defined in the general guidelines and relate to the entire project, taking all works together, irrespective of the share obtained by Group entities in the operation or of the manner in which contracts are awarded (direct contracts, invitations to tender, etc.);
- all transactions relating to property development, concession operations, public-private partnerships (PPPs) or long-term commitments, including all associated financing, whether in France or abroad.

For construction contracts, other thresholds, below those necessitating a review by the Risk Committee, require notification to be issued to VINCI Senior Management via an alert form.
Submission to the Risk Committee represents a formal affirmation of the commitment made by the manager of the concerned subsidiary to his or her superiors as to the expected quality and results.
In its standard configuration, the Risk Committee comprises the following members:
- the Director and Chief Executive Officer;
- the Chairman (or Chief Executive Officer) of the concerned division;
- the Executive Vice-President and Chief Financial Officer;
- the Chief Audit Officer;
- representatives of the operational staff of the bidding company (the general manager, project manager, design office, etc.);
- representatives of the functional departments (legal, insurance, finance, etc.) of the concerned company or division.

The composition of the Risk Committee may be adjusted in relation to its agenda (e.g. review of property transactions, acquisitions of companies, concessions contracts and public-private partnerships).
The holding company's Risk Committee, in its various configurations, met 207 times in 2009 and reviewed 261 projects.

4.4 Procedures in respect of monitoring of operations

Divisions have their own management accounting systems tailored to their business. The specific budgetary control tools implemented by the VINCI Energy, Eurovia and VINCI Construction divisions and by each of the concession activities (motorways, car parks, etc.) enable regular monitoring of the progress of works and contracts. These systems are compatible with those used to prepare and process financial and accounting information as described hereafter.
Monthly dashboard reports related to business, new orders taken, the Group's order book and consolidated net borrowing position are prepared by the Group finance department on the basis of detailed information provided by the divisions.
The executive management team of each entity prepares a specific report on the month's key events.
The budget procedure is common to all Group divisions 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. For each of these stages, management committees meet to consider each division's position and financial data, usually in the presence of the Director and Chief Executive Officer and/or the Executive Vice-President and Chief Financial Officer of the Group.
In addition, the divisions participate in regular monitoring of VINCI's social and environmental responsibility commitments as described in the "Sustainable development" section, with a particular emphasis on occupational safety.

4.5 Procedures governing the preparation and processing of financial and accounting information

The budgets and consolidation department, a specialised section within the finance department, is responsible for the production and analysis of the financial, company and consolidated information for dissemination inside and outside the Group. It must ensure such data is reliable. In particular the department is in charge of:
- preparing, approving and analysing VINCI's half-yearly and annual parent company and consolidated financial statements and forecasts (consolidation of budgets, budget updates and three-year forecasts);
- the definition and monitoring of the Group's accounting procedures and the application of the IFRS standards;
- co-ordination of the Group's financial information system (Vision) which automates the financial consolidation process and which is used to unify the various VINCI reporting systems (accounting and financial information, commercial data, borrowing, human resources information).

The budgets and consolidation department establishes the timetable and closure instructions for the preparation of the half-yearly and annual accounts. These instructions are sent to the division's finance departments and are presented in detail to the staff 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 the Group's corporate intranet. At each accounts closure, divisions transmit a package to the budgets and consolidation department containing commented analysis of the consolidated data submitted. 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-yearly 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 divisional management. In these representations, Group management and divisional management confirm, in particular, that they consider that all items at their disposal have been submitted to the Statutory Auditors to enable them to perform their duties and that the effects of any anomalies still unresolved at the date of those representations and noted by the Statutory Auditors 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 2009

In 2003, VINCI initiated an action plan intended to enhance the quality of the Group's internal control and risk management systems without bringing into question the principles and features of its management organisation, which combines, in a decentralised environment, an entrepreneurial culture, autonomy for operational managers, transparency and loyalty, and a network-based operating model.
The identification of the key risks and associated controls performed in 2003 and 2004 enabled the Group to establish a list of critical processes that have to be assessed from an internal control standpoint.
In this regard, the bidding process appeared to be a priority.
Actions were launched aimed at enhancing the environment, organisation and procedures for internal control and have been stepped up over time:
- application of the Chief Executive's general guidelines (see paragraph 4.2) to all operational and functional executives of divisions in France and abroad;
- harmonisation and fine-tuning of the formalisation of certain procedures (through the creation of working groups and specific dedicated resources), including in particular cash management and accounting at holding company level as well as a complete overhaul of operational procedures at Eurovia. Moreover, holding company procedures have also been made available on the Group's intranet.

Assessment of internal control

Annual self-assessments to evaluate the quality of internal control, in accordance with the requirements of the French Financial Security Act, cover an ever greater number of Group entities, having increased from 193 entities in 2005 to 261 entities in 2008.
Entities completed a self-assessment questionnaire comprising around 120 questions grouped under three main headings: control of operations and monitoring the conduct of business; control of financial information; the control environment and risk assessment. In 2007,

the questionnaires were reviewed by a committee of experts from the divisions and the holding company in light of the results of previous surveys and the AMF Recommendations of January 2007.

Furthermore, to ensure full compliance with the AMF Recommendations, the Chairman of the Board of Directors completed a specific questionnaire covering matters relating solely to his function.

Information systems

A project to assess the operation of information systems was launched in 2006 and covered 13 entities based in continental France which formed a representative sample. These entities replied to a self-assessment questionnaire comprising four sections: the information system environment, software and hardware, operations, and information systems security.
In addition, an assessment of information systems used to compile financial and accounting information was engaged in late 2007. This assessment, which was conducted with assistance from external consultants, covered 17 Group divisions and sub-divisions based in France and followed on from the work done in 2006. This project, co-ordinated by the holding company's audit department and the information systems department, gave rise to a series of audit reports delivered to the concerned entities in July 2008. A summary of the assessment and recommendations were presented to the Audit Committee. Action plans based on these recommendations were drawn up by the concerned entities in summer 2008.
An information systems assessment campaign for subsidiaries based outside continental France was launched in late 2008.

5.2 Tasks carried out in 2009

The questionnaires used for the assessment of **internal control** within the Group were updated to take into account France's Financial Security Act. The annual survey related to 257 entities (including 37 outside France) representing 52% of the Group's consolidated business. The questionnaire comprised 130 questions for operational entities (248 entities surveyed) and 73 questions for the holding companies (nine entities surveyed). The replies were analysed by the holding company's audit department. A summary was presented to the Audit Committee.
As in 2008, to ensure full compliance with the AMF's recommendations, a specific questionnaire was sent to the Chairman of the Board covering matters solely related to his function. The results of the **information systems** assessment campaign for subsidiaries based outside continental France were presented in a report to the Audit Committee.
A progress report on the action plans implemented in accordance with the recommendations of audits of the information systems of the France-based subsidiaries was prepared by the audit department.

Risk management was a key area of focus throughout the entire Group in 2009:
- development by the audit department, in co-ordination with the divisions, of risk matrices for each business line: contracting, concessions and property;
- application of a uniform risk assessment process, in accordance with the methodology guide (described in section 3 above), by the divisions and sub-divisions;
- establishment by the audit department of risk mappings and summary memos submitted to the Audit Committee;
- preparation of risk scorecards enabling risks to be described and assessed in a uniform way for review by risk committees and follow-up by the finance committees and budget updates.

In addition to these shared approaches, **specific actions** were carried out in the various Group business lines.

At **VINCI Construction**, the management control and internal audit functions are mainly performed at the level of the sub-divisions, in recognition of the division's size and the range of its activities. The construction division's holding company has a streamlined staff structure, and its role is to define common rules, based on the Group's rules but adapted to the specific features of its businesses. Its role consists of monitoring internal control work programmes drawn up by the sub-divisions (including the deployment of new information technology tools or new procedures), verifying their consistency and progress, and conducting audits.
The sub-divisions of the construction division are VINCI Construction France, VINCI Construction Grands Projets, VINCI Construction Filiales Internationales, Soletanche Freyssinet, Entrepose Contracting, VINCI plc (UK) and CFE (Belgium).

At **VINCI Construction France**, the replacement of financial management and accounting systems, launched in 2006, continued in 2009, the aim being to implement an integrated solution, Magellan, which will strengthen internal control. During the year, two internal audits were conducted to check the application of accounting and worksite management procedures and accounts in the following delegations: Grands Travaux (Dodin-Campenon) and northern France (maintenance contracts).

Soletanche Freyssinet, which was formed in December 2008, focused its efforts on harmonising Group financial consolidation and reporting systems insofar as separate management control systems are used for each business line. Efforts to update powers of delegation in accordance with the new organisational structure were launched for the sub-division formed by Freyssinet, Nuvia, Terre Armée and Ménard. A similar initiative will be launched by Soletanche Bachy in 2010. Specific control efforts were undertaken to assess project management processes deployed in a number of subsidiaries outside France as well as exchange rate risks (deployment under way at Soletanche Bachy).

VINCI plc (UK) updated the policies and procedures manual for senior executives ("VINCI plc Directors' and Senior Executives' Policies and Procedures Manual"). Work to integrate the management systems of newly acquired companies (Taylor Woodrow Construction, Gordon Durham, Stradform and Haymill) with those of VINCI plc has been completed in most cases. The project launched in 2007 to overhaul VINCI plc's management and internal control system, spearheaded by a multidisciplinary team (Finance Leadership Team), continued in 2009, with the design of a new management system (Coins). Work to deploy the new system at the VCUK building division commenced early October 2009.

VINCI Construction Grands Projets carried out 28 audits on construction sites, focusing in particular on projects in start-up phase and projects presenting the greatest completion risks. The aspects reviewed in each of these assignments were accounting, budget, cash flow and construction risks. In addition to these internal audits, two audits were carried out jointly with the Statutory Auditors. The “Major Projects Team” internal training programme launched in 2008 continued in 2009. This programme aims to embed best practices and reinforce project managers’ ability to control technical and organisational risks.

VINCI Construction Filiales Internationales pressed ahead with the deployment of its integrated management system (Probox) within the Europe division. This system is built on three components: the manual of basic rules for subsidiaries (the Rules), which was updated and translated into all of the languages used within the division, the training programme for the shared construction management system (Pégase) and reporting sheets for construction sites. In 2009, VCFI carried out 24 audits in Africa and Europe.

Entrepose Contracting, as a company listed on the SBF index, issues its own internal control report.

VINCI Energies continued the work commenced in previous periods. A self-assessment campaign focusing on the acceptance of new contracts, cost estimates and fixed assets and investments processes was carried out in all active profit centres, i.e. 703 units. Moreover, a complete self-assessment questionnaire (250 questions) was completed by new business units or business units with a new executive manager (129 altogether). During the year, 196 reviews of internal controls and accounting audits were completed.

In 2009, **Eurovia** continued to deploy its integrated management system (SME) for entities in France and abroad. The system was implemented on Eurovia’s corporate intranet in early 2009 in English and in French. Work to harmonise the management systems of subsidiaries in the UK, Czech Republic, Slovakia and Canada with those of the Group was completed. Similar projects were initiated in Germany, the United States and Spain. The project has been extended to the division’s activities in France and the majority of its international operations, enabling greater uniformity in the processing of accounting, financial and management data, together with greater transparency, thus further facilitating their analysis and enabling simpler and more systematic control.

A variety of initiatives were taken to strengthen information systems security: appointment of a head of IT security; implementation of a business recovery plan in the United States; implementation of a high-performance backup solution for local servers; and deployment of Group information systems (Kheops) at Eurovia’s rail infrastructure subsidiary EFT, Signature and the Spanish Delegation, along with the group’s integrated suite (Ermès) which is specifically designed for small-scale entities in New Caledonia, French Polynesia and Croatia.

The division’s internal audit department carried out 25 audits in France and abroad in 2009.

VINCI Concessions, which saw substantial growth in the number of companies managed in 2008 and 2009, focused on implementing organisational and reporting structures for these new entities to ensure more efficient internal control. In 2009, efforts concentrated on the Le Mans Stadium SAS subsidiary and on the A5 and R1 motorway projects in Germany and Slovakia, respectively.

Responsibility for implementing internal control systems rests with the companies included in the division.

Cofiroute deployed a comprehensive IT security policy built around ISO 27001 and ISO 27002 standards and implemented an IT recovery plan. The Company harmonised efforts to stamp out toll fraud by appointing a dedicated manager with responsibility for fraud. Audits of sub-concessionaires which commenced in 2008 were continued in 2009.

In October 2009, **ASF** finalised a toll booth safety and security plan which is designed to safeguard assets, equiment and personnel. New operating procedures were adopted to enhance customer and employee safety across the ASF motorway network.

During 2009, **Escota** continued to deploy the risk control plan initiated in late 2007. Phase one of the plan (risk mapping) was completed in 2008. A risk management software solution was deployed to facilitate the plan’s implementation. In addition, a variety of initiatives were taken to strengthen information systems security. Three audit engagements were completed. These concerned the toll booth information chain, processing of customer complaints and the transport of hazardous substances.

In 2009, **VINCI Park** conducted some 100 inspections aimed at ensuring compliance with operating procedures in its car parks. Particular emphasis was placed on controls for cash receipts. More generally, an external audit was completed in the second half of 2009 and examined VINCI Park’s financial consolidation procedures. An action plan was put in place in the United States at the 50%-owned subsidiary LAZ Parking. This plan is designed to enhance the quality of information, processes and the degree of controls on transactions (increase in internal audit staffing, appointment of a new chief financial officer, new information system to be deployed in first-half 2010).

VINCI Immobilier focused on developing its software tools for weekly reporting of advance indicators. The aim of these efforts is to be able to ensure more rapid processing of data relating to property commercialisation contracts and sales. Working with the audit department, VINCI Immobilier conducted an assessment to identify the risks specific to its business operations and developed the related risk map. This assessment enabled it to reinforce its control procedures for commitments and the selection and scoring of sub-contractors, and led to the development of a co-ordination and control software package for preliminary analyses. In 2009, three internal control reviews covering the complete range of contracts in progress were completed.

5.3 Task to be done in 2010 and beyond

VINCI will strive to continue to improve the organisation of internal control within the Group, while maintaining a streamlined chain of command, at both holding company and divisional level.

It is working towards the following objectives:
- monitoring changes in regulatory requirements;
- following up the dissemination of the Code of Ethics and Conduct;
- ensuring that Group procedures and rules are adequetely disseminated throughout the organisation;
- ensuring that major risks continue to be mitigated;
- ensuring the reliability of financial information.

To this end, the self-assessment survey questionnaire will be updated to take into account the risks identified through the risk mapping process.

Furthermore, the priority areas for improvement identified for all divisions include:
- continued application of the risk management process;
- continued formalisation of the internal control rules in divisions or their main entities in order to have comprehensive standards adapted to the various businesses;
- continued deployment of management tools that are common to the various divisions, especially in non-French subsidiaries;
- integration of entities acquired in 2009 and 2010 by deploying the procedures and resources common to the Group and those specific to the respective divisions to ensure rapid dissemination and implementation of the Group's internal control culture, tools and practices.