

UNIVERSAL 2019 REGISTRATION DOCUMENT

Annual Financial Report and Integrated Report



KORIAN

In caring hands

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UNIVERSAL REGISTRATION DOCUMENT

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2019



The universal registration document was filed on 7 May 2020 with the AMF in its capacity as the competent authority under European Regulation (EU) 2017/1129, without any prior approval pursuant to Article 9 of said regulation.

The universal registration document may be used for the purpose of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a prospectus and, where applicable, a summary and all the amendments made to the universal registration document. The whole thus formed is approved by the AMF in accordance with European Regulation (EU) 2017/1129.

The universal registration document may be viewed free of charge upon request to the Company as well as on the Company's website (www.korian.com) and the AMF's website (www.amf-france.org).

Historical financial information

Pursuant to article 19 of European Regulation (EU) No. 2017/1129, the following information is included by way of reference in this universal registration document:

- the key figures given on page 8 and the consolidated financial statements for the financial year ended 31 December 2018, the notes to the financial statements, the Statutory auditors' report as presented on pages 224 to 280 of the 2018 registration document filed with the AMF on 25 April 2019 under number D.19-0400;
- the key figures given on page 7 and the consolidated financial statements for the financial year ended 31 December 2017, the notes to the financial statements, the Statutory auditors' report as presented on pages 143 to 210 of the 2017 registration document filed with the AMF on 26 April 2018 under number D.18-0411.
Korian: driven by dedication.





Korian: commitment and solidarity

This is our first universal registration document, the main purpose of which is to report on Korian's activity throughout 2019; meanwhile, Europe has spent the past two months tackling a major pandemic crisis caused by Covid-19. This pandemic poses a particularly serious threat to the elderly and chronically ill; it therefore presents an unprecedented challenge for all those working in the healthcare and medico-social sector, who provide care and assistance for these people each day, and therefore for Korian and its entire ecosystem.

In these exceptional circumstances, I would first of all like to send my warmest thoughts to those in our facilities and among our staff who have been affected by the virus, and particularly those who have lost a parent or a close relative.

I would also like to pay tribute especially to all of Korian's staff throughout Europe who have been battling this virus on a daily basis with courage and determination; they are working hard to accompany our residents, patients and their friends and family day after day, and are doing their utmost to maintain the ties between them at a time when families have been forced apart due to the lockdown.

This crisis takes us back to the very fundamentals underlying our *raison d'être* and identity: "In caring hands".

As a provider of care for the most elderly and fragile people, it reminds us just how much our Social Responsibility encompasses a commitment to stakeholders and indeed the whole community.

We have a commitment towards our residents, patients and their loved ones, who rely on us to maintain or restore their independence, health and quality of life.

We have a commitment towards our employees, whose working conditions, training and professional development are conducive to the quality of care and the day-to-day attention we provide to our residents and patients.

We have a commitment towards Society, as we strive to establish shared and lasting solutions to the challenges posed by old age and longevity, and to maintain meaningful social bonds between generations.

Last of all, we have a commitment towards our financial partners, shareholders and the public authorities, whose support is essential to allow us to continue evolving, innovating and offering a wide range of care services adapted to the changing needs and challenges of demographics and public health.

This is why we are now, more than ever, making the 15 CSR (Corporate Social Responsibility) commitments comprising our pact with all our stakeholders an essential component of our corporate project.

Finally, the Covid-19 pandemic is an ordeal that has emphasised the remarkable solidarity and public spirit spurring our network across Europe. This is one of our core strengths and we will endeavour to nurture it as we build our future, learning to live with the virus for the long run by ensuring the safety and quality of life of our residents, patients and employees; persevering with our ongoing transformation efforts on behalf of the most elderly and fragile people; and promoting our "In caring hands" mission.

In the name of the whole Korian family, I would like to express my gratitude for your support and trust.

Sophie Boissard

Chief Executive Officer of the Korian group
Chairwoman of the
Korian Foundation for Ageing Well



Korian, an integrated European provider of care and support for the elderly and fragile

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ABOUT US



OUR COMMITMENT

*A corporate project intrinsically
linked to our purpose*



Our corporate project, across each of the 600 living areas in which we now operate, is to support fragile people and their loved ones, while contributing to the quality of their daily life and peace of mind, whatever their state of health.

As a socially responsible company committed to caring for the most fragile among us, Korian aims to make a positive contribution, both as a company and alongside all of its stakeholders, to the two major challenges of our time, namely, ageing populations and the need to preserve ecosystems, in line with the United Nations Sustainable Development Goals.

By 2030, in less than a generation, the ratio of working age people to those aged over 65 is projected to decline from three for one to two for one in Europe. Older people, who sometimes have little or no contact with relatives, will need more people around them and more care over time than previous generations. That makes for an enormous challenge for human society and one that requires ever greater mobilisation, skills, spaces and new services.

Our role as a care provider places us at the heart of these challenges for society. This deeply held social and societal purpose is reflected in our values and is central to our corporate project, "In caring hands".

This corporate project is driving our transformation and aims to forge an enduring pact with all of our stakeholders, in which excellence and innovation are the two sides of a single coin expressing our values of benevolence, responsibility, initiative and transparency.

Our project is the cornerstone of our sustainable growth model, which makes investing in Group employees, in the quality of care provided and in our care facilities and living spaces our number one priority.

Our corporate project was forged in 2019. As such, the following developments do not take into account the effects of the Covid-19 pandemic or the lessons drawn from the crisis.

OUR KEY FIGURES FOR 2019

Our main economic
and financial indicators



6 COUNTRIES
in Europe



893
FACILITIES



82,675
BEDS IN
FACILITIES

ANNUAL REVENUE

€3.612bn

+8.3% reported growth
vs 6.4% in 2018

+3.8% organic growth⁽¹⁾
vs 3.0% in 2018

EBITDA MARGIN⁽²⁾

14.8%
+50pb vs 2018

NET GROUP SHARE
€136m
+10.4% vs 2018

OPERATING FREE CASH FLOW⁽³⁾

€231m
+13% vs 2018

RESTATED LEVERAGE⁽⁴⁾

3.1x
vs 3.0x in 2018

REAL ESTATE PORTFOLIO⁽⁵⁾

€2.0bn
+23% vs 2018

Data at 31 December 2019, before IFRS 16.

(1) Organic growth: organic revenue growth includes: a) the change in revenue (between year N and the previous year (N-1)) generated by existing facilities; b) the revenue generated in year N by facilities set up in N or N-1; c) the difference in revenue (N vs N-1) generated by restructured facilities or facilities of which the capacity was increased in year N or in N-1; d) the change in revenue recorded in year N relative to the equivalent period of N-1 for recently-acquired facilities.

(2) EBITDA: earnings before interest, taxes, depreciation, and amortisation. Corresponds to EBITDAR excluding rents.

EBITDAR: operating income before rental expenses not covered by IFRS "Leases", depreciation, amortisation and provisions, other operating income and expenses, and gains and losses on the acquisition and disposal of consolidated entities of operating segments.

(3) Operating free cash flow: calculated on the basis of cash stemming from operating income restated for investments in maintenance, taxes paid, and financial expenses disbursed. In 2018, it was restated for the VAT refund recognised in 2017.

(4) Adjusted leverage ratio: (net debt - property debt)/(adjusted EBITDA - 6.5% * property debt).

- Adjusted EBITDA: consisting of 12 months of EBITDA from acquisitions completed during the year, restated for a theoretical rental amount.

- The 6.5% rate corresponds to the average capitalisation rate as specified in the syndicated loan agreement.

(5) Value calculated by Cushman & Wakefield as of 31 December 2019 (capitalisation rate: 5.6%).

Our key non-financial indicators



470,000

RESIDENTS AND PATIENTS



56,000

EMPLOYEES



82%

are women, of whom **46%**
in Top Management roles

96%

resident and patient
satisfaction rate

75%

employee
engagement rate

72%

implementation
Positive Care



ISO

8% of the
network certified,
with a target of
100% by 2023

11,000

**NEW HIRES
ON PERMANENT
CONTRACTS**

>4%

of employees
on **professional
qualification
courses**



8.7 Mwh/bed

Energy consumption
(electricity, gas, heating oil)
+0,3% vs 2016

56.9 m³

of water consumption
-5.83% vs 2016



0.5%

of the Group's net
income devoted to the
funding of **philanthropic
initiatives**

1

Stakeholder Council
in France

OUR STORY

Expansion and transformation

2003

- Korian was founded in France by the merger of four companies (Finagest, Sérience, Réacti-malt and Medidep).
- Creation of first training centre at Medica, now known as the Korian Academy.

2007

- The Group acquires Phönix in Germany and Segesta in Italy.



2011

- Montessori method and **non-drug therapies** (NDT) introduced in France for the first time.



2006

- The Group is listed on the stock market with the aim to expand across Europe.

2010

- Introduction of the Best Care Practices, Ethics, Care for All (**BEST**) training programme in France to promote well-being and safety.

2013

- Creation of the Korian Institute for Ageing Well.
- The Group acquires Curanum and becomes the German market leader.



1 CSR: Corporate Social Responsibility.
2 ESG: Environmental, Social and Governance.

2014

- Korian's employees define the Group's values: Benevolence, Responsibility, Initiative and Transparency.

2014 - 2015

- Korian merges with Medica and acquires the Senior Living Group in Belgium, to form the Korian group, the European leader in the Ageing Well sector.



2017

- Korian creates the Centenarian Celebration Day in France on 24 June.
- Korian is the first company in the sector to sign a **Quality of Life at Work** agreement (France).
- The **Korian Foundation for Ageing Well** is launched.
- Acquisition of Senior Assist in Belgium.

2019

- Korian teams up with Accor, AccorInvest, Sodexo and The Adecco Group to launch the **CFA des Chefs**.
- Acquisition of **Oméga in France** and **Schauinsland in Germany**.
- Korian enters the **Spanish** market with the acquisition of **Seniors** and further extends its footprint with the acquisition of **Grupo 5's retirement homes business**.
- Foothold obtained in the **Netherlands** with the acquisition of **Stepping Stones**.
- The Group acquires **Sanem, an operator of specialised clinics in Italy**.
- Korian launches Oriane, a unique digital solution designed to rethink home help for the elderly.
- Korian joins forces with **Omedys** to develop the **first locally based nationwide tele-consultation network**.
- Korian launches its **"In caring hands"** corporate project.
- Korian affirms its CSR⁽¹⁾ strategy through a **Manifesto** and **15 measurable commitments** in terms of the Group's 5 ESG⁽²⁾ pillars.
- Creation of **Stakeholders Council**.



2016

- The **Korian academy** is rolled out across Europe.
- The **Positive Care** approach is officially embedded in the Group.
- New operators are integrated in Germany (Casa Reha) and Belgium (Foyer de Lork, OTV).
- Consolidation of the Group's health services in Italy.



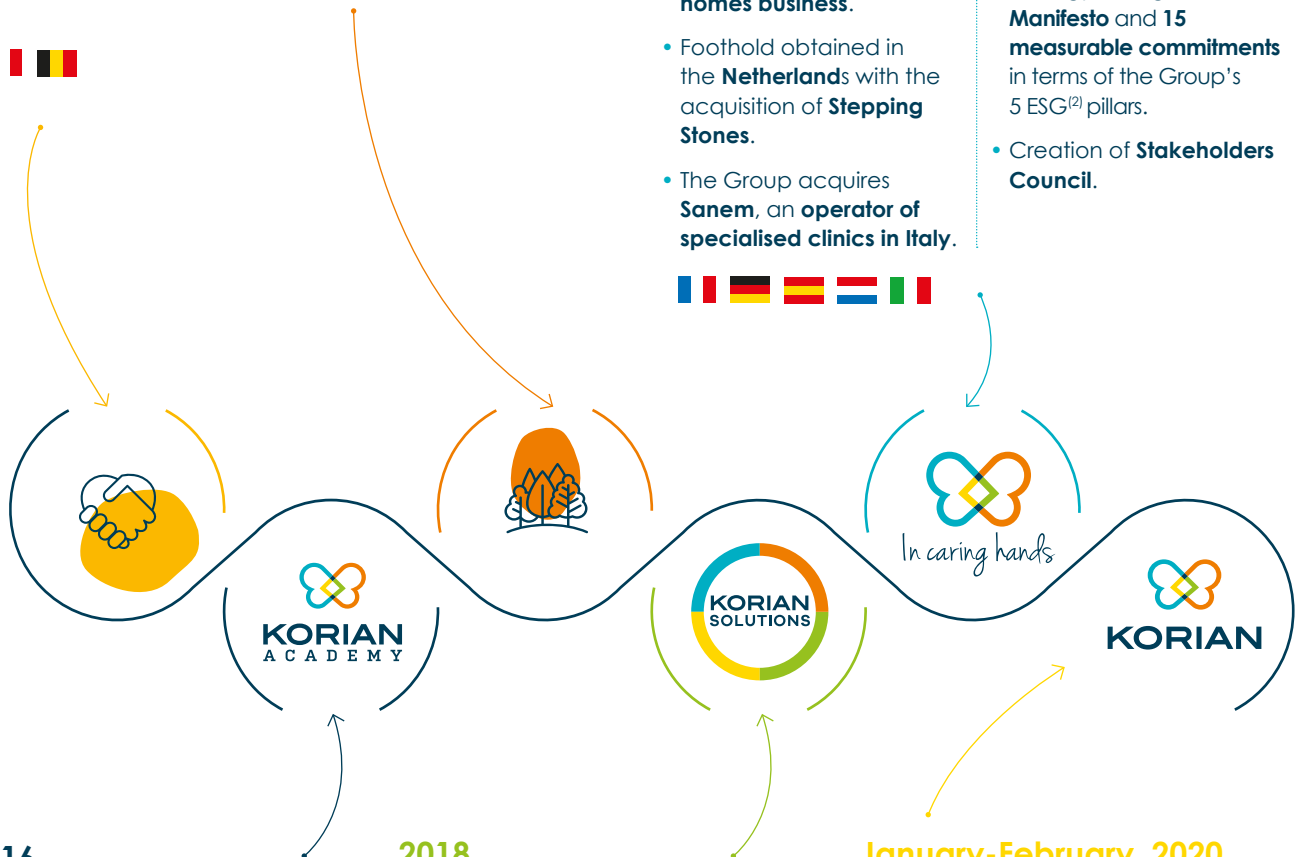
2018

- Korian creates the Geriatric Care Passport (the *Passeport Gériatrique*), the first professional qualification course in France.
- Korian signs a nationwide partnership with the Union Nationale des Missions Locales in France.
- Equity investment in **Ages & Vie** in France.
- Korian steps up its expansion in home care and hospital home care services by acquiring **Petits-fils** and **CliniDom**.
- Creation of **Korian Solutions**, the first in-house digital agency.
- Fresh acquisitions in France (Fondivina) and Belgium (Senior Assist).



January-February 2020

- Korian creates a **Foundation in Germany**.
- The Group steps up the **development and diversification of its platform in the Netherlands**, with the acquisition of two networks of residential facilities, shared housing for seniors and specialised clinics.
- Acquisition of **Groupe 5 Santé**, a leading player in the treatment of chronic diseases.
- Korian acquires a stake in start-up **Move in Med** to develop coordinated care pathways.



OUR ACTIVITIES

A broad range of solutions



Our “inside the walls”, long-term care nursing homes are modernising, specialising and diversifying to better support people in extremely vulnerable situations. Korian operates a large network of specialised clinics offering post-acute and rehabilitation care in France, and is bolstering its range of medical services in France and Italy, with a special focus on chronic diseases.

Alternative and inclusive accommodation services have been considerably strengthened to provide a response for people looking for intermediate solutions between their home and long-term care nursing facilities. We can provide **assisted living facilities**, some of which are attached to a nursing home, and **shared housing for seniors** combined with home help services.

Our “outside the walls” home care and support services were expanded in 2019, with the development of franchised models such as the Petit-fils network in France, and also via digital and innovative solutions including the Oriane platform in France and the Omedys telemedicine solution.

We are actively pursuing the diversification of our services in Europe to provide an increasing number of people with the solution that best fits their situation, whether at home, as an outpatient or in one of our living and care facilities.

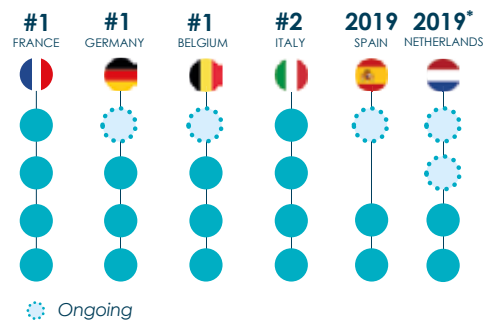
OUR SERVICES

Providing care and support for the the fragile in all areas and across Europe

2019

-  **Medical Care and Clinics**
-  **Home Care services**
-  **Assisted Living facilities and shared housing for seniors**
-  **Nursing Homes**

* Updated for Q1 2020 acquisitions



SPECIALISED CLINICS

Our 98 medical clinics across France and Italy specialise in three fields: Post-acute care and rehabilitation, Psychiatric care and Medicine, Surgery and Obstetrics (MSO in Italy only). The clinics are an integral part of the healthcare pathways and services available in each region, and are provided in partnership with local healthcare professionals (GPs, independent allied medical professionals, hospitals, clinics, etc.). Two forms of hospitalisation are available depending on the patient's situation: full hospitalisation or outpatient care. Outpatient care allows patients to benefit from comprehensive medical follow-up and rehabilitation without having to leave home.



HOME CARE AND SUPPORT SERVICES

These services are aimed at people who want to live at home and are still able to do so. They can be useful following post-acute care and rehabilitation in a clinic, or even after a respite stay in nursing homes.

In France, the Petits-fils network has more than one hundred agencies across the country, offering the services of qualified carers. In September 2019, we launched Oriane, a digital solution comprising an array of home help services to simplify the lives of people receiving help and their families.



ASSISTED LIVING FACILITIES AND SHARED HOUSING

Our 72 assisted living facilities are home to independent elderly people wishing to live in a secure environment and benefit from local services and activity programmes. Since 2017, Ages & Vie has developed a shared housing service for the elderly consisting of 58 small non-medical residential units. These shared homes can accommodate eight elderly people who are sufficiently autonomous or losing their autonomy and no longer wish to live alone at home. The residents are helped and supported by three carers, present day and night, some of which living on the premises with their family.

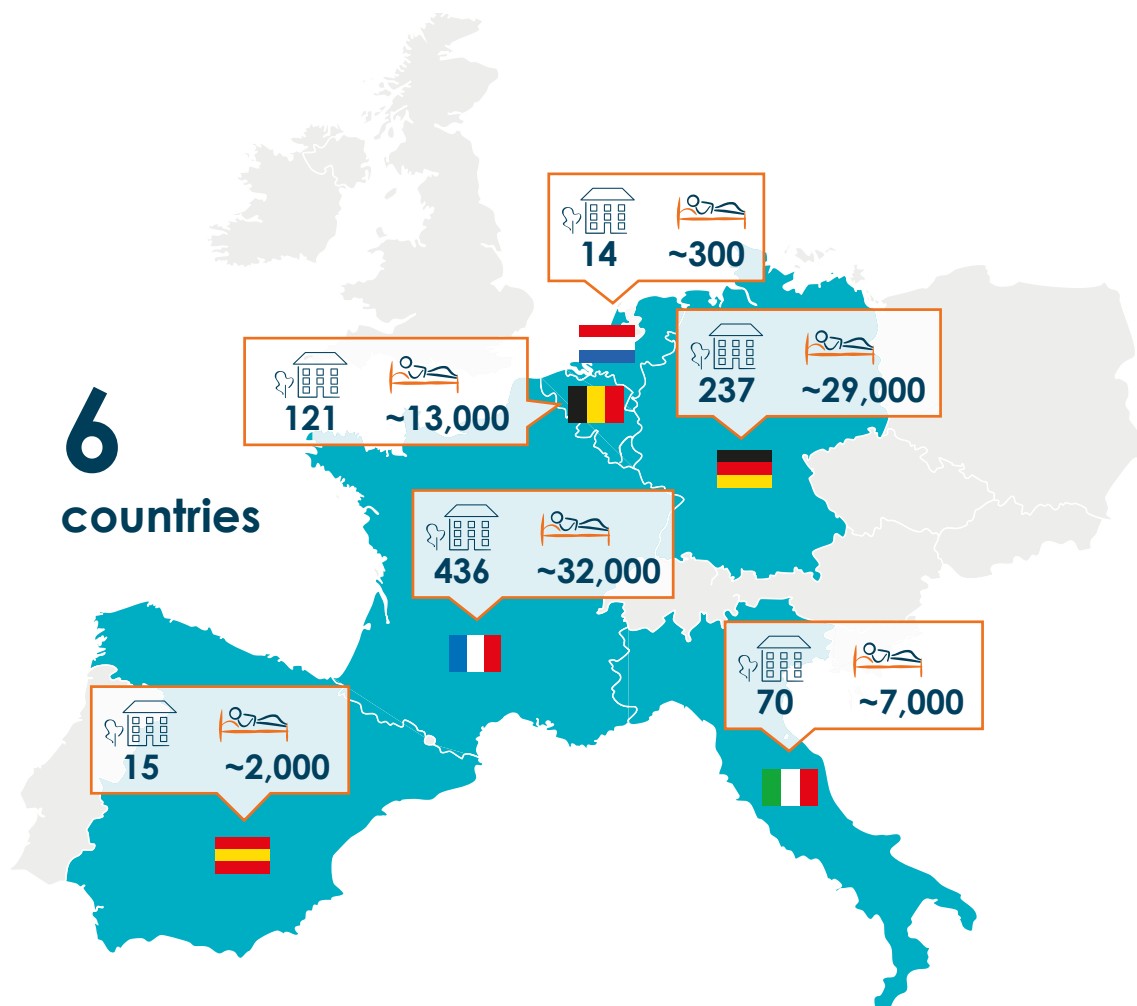


LONG-TERM CARE NURSING HOMES


Our 665 nursing homes are for elderly people with diminishing autonomy or who no longer wish to live at home, either on a permanent basis or for planned short-term stays. They are designed as living spaces and integrated into the local healthcare and social support network, providing care services for residents depending on their needs and capabilities. Each nursing home has its own healthcare team and all are becoming increasingly specialised in caring for highly dependent people and those suffering from neurodegenerative diseases, such as Alzheimer's disease and related disorders.

OUR LOCATIONS

A network spanning 600 living areas across Europe



6 countries representing nearly 55% of the EU population over 75 years old

 Number of facilities

 Number of beds

Korian is a resolutely European Group operating in six countries with around 900 facilities in the heart of 600 living areas⁽¹⁾ located close to 70% of people aged over 70.

The transformation drive undertaken by the Group over the last four years, aimed at making Korian an integrated European provider of care and support for the elderly and fragile, is underway in each of its four main countries.

(1) A living area is the smallest area in which residents have access to the most common equipment and services.

FRANCE

In **France**, the ongoing transformation of the Health division's activities (specialisation, day care, etc.), the contribution of new activities (home care and services, shared housing for seniors) and the modernising of long-term care nursing homes thanks to an extensive renovation programme have made it possible to offer a diversified range of solutions for families and elderly people. Some 60% of people over the age of 75 have a Korian solution within 10 km of their home.

GERMANY

In **Germany**, the Group's second-largest market, Korian has a large network of nursing homes and assisted living facilities. It has also been expanding in outpatient care, home care and local medical services, to strengthen local platforms.

BELGIUM

Belgium was very quick to implement facilities combining care and assisted living services. These efforts gathered pace in 2016 and 2017, when Korian acquired Senior Assist. Assisted living facilities currently represent one quarter of the Group's facilities, and growth is continuing apace with the development of mixed care platforms nestled in city centres, such as Senior Plaza, which includes a nursing home, an assisted living facility, health providers and day care all within the same complex and in the vicinity of shops and restaurants.

ITALY

Italy, where the power to regulate falls to individual regions and where the number of beds in nursing homes is the lowest in Europe, had to adapt very quickly to market constraints as well as the demographic pressure of a very old, highly fragile population. The Group has been expanding in specialised clinics and outpatient care services, with a view to forming regional clusters recognised by patients and local institutions, and building healthcare service sub-sectors, from primary care to specialised clinics and post-acute care and rehabilitation. This has enabled Korian to become the benchmark care provider for over-65s in the regions in which it operates.

NEW GEOGRAPHIES

Meanwhile, the Group has gained a foothold in two new countries:

- **Spain**, the fourth-largest geographic region in Europe in demographic terms, characterised by highly fragmented nursing home capacities, in which it now has more than 15 facilities (nursing homes and rehabilitation centres) representing total capacity of 2,000 beds;
- the **Netherlands**, a vibrant region with significant needs for new facilities, in which Korian has a diversified platform offering personalised care services and four types of innovative, small-scale concepts (care communities for people with Alzheimer's disease, nursing homes offering end-of-life support, assisted living facilities and geriatric rehabilitation clinics). The combination of Belgium and the Netherlands within a Benelux region will allow the Group to continue expanding organically and to pollinate offers elsewhere in Europe.

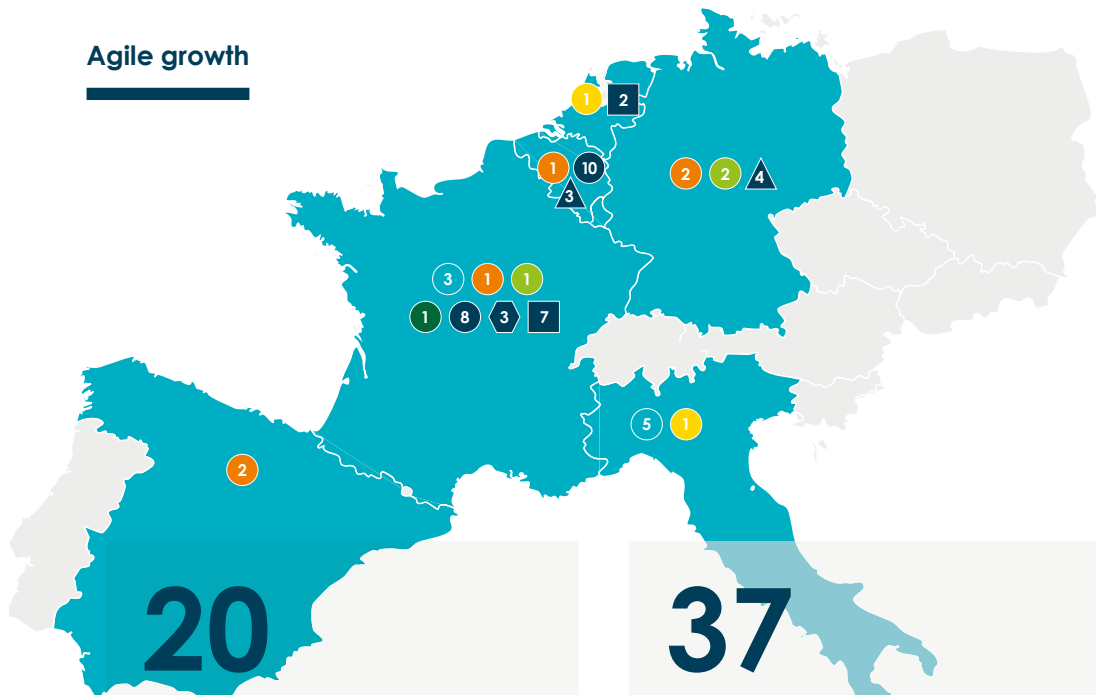
OUR EXPANSION

A multi-focal strategy

In 2019, we stepped up the implementation of our agile growth strategy, extending our geographical footprint and diversifying our operations:

- entering two new countries, Spain and the Netherlands
- reinforcing our medical capacities by transforming and diversifying the network, particularly in outpatient care (capacity doubled vs 2016)
- ensuring sustained investments in residential care and alternative and inclusive housing (Ages & Vie in France and Stepping Stones in the Netherlands)
- developing "outside the walls" care services and digital solutions

Agile growth



20
acquisitions

- 8 specialised clinics
- 3 home care and services operations
- 2 assisted living and shared housing facilities
- 6 long-term care nursing homes
- 1 Omedys teleconsultation platform

Contributing **€200m** in additional revenue by 2021

€254m in capex

37
openings

- ▲ 7 greenfields
- 18 extensions
- ◆ 3 relocations
- 9 alternative housing solutions
 - 7 Ages & Vie homes
 - 2 Stepping Stones villas

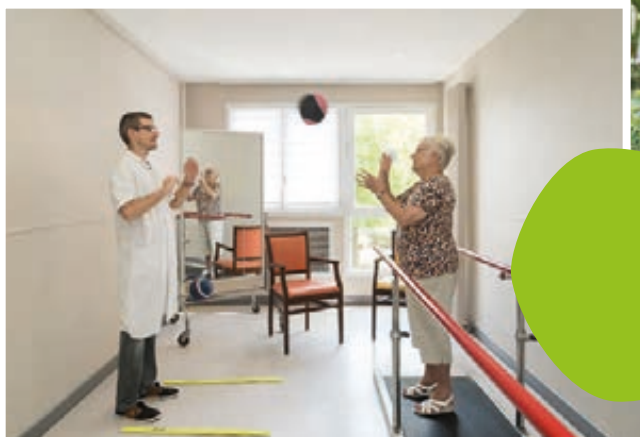
Organic expansion (diversifying operations and transforming the network)

€279m in real estate investments

€99m in investments in renovation-relocation-transformation programmes and digital



OUR CHALLENGES



OUR MAIN BUSINESS CHALLENGES

5 underlying trends in the provision of support for the elderly and fragile people



DEMOGRAPHICS



CHRONIC DISEASES



NEEDS OF THE ELDERLY



DIGITAL TECHNOLOGY



A HIGH DEGREE OF SOLIDARITY

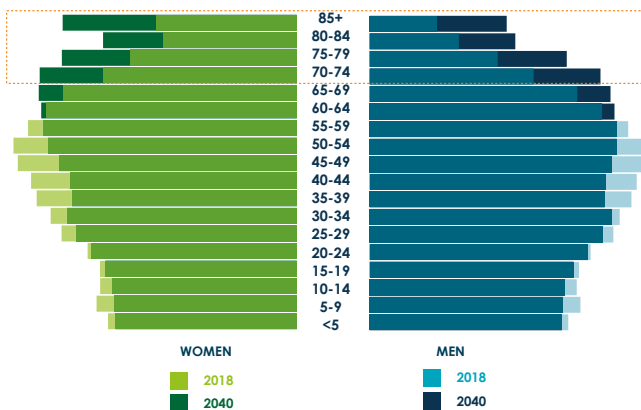
DEMOGRAPHIC TRENDS

Demographic transition

Life expectancy continues to rise. In 2016, women lived to an average age of 85.4, and men to 79.5. In the space of 20 years, life expectancy has increased by five years for men and three years for women. However, healthy life expectancy is just 64.1 years for women and 62.6 for men (source: Eurostat).

Between 2015 and 2030, the share of the population over the age of 80 is set to grow by 40% in Europe, from 26.7 million people in 2015 to more than 37.6 million by 2030. By 2080, the number of people over 80 will have increased by 250% in Europe.

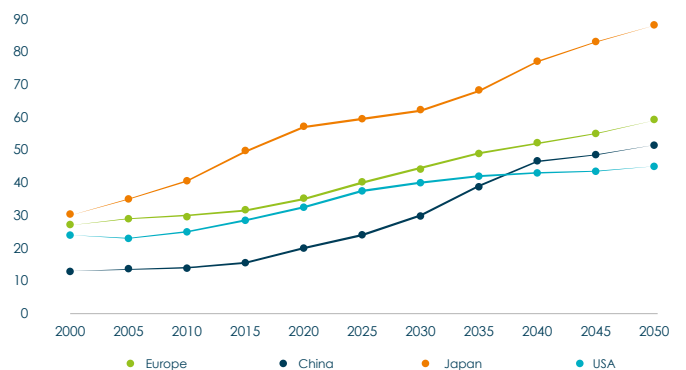
Significant increase in the number of over-65s in Europe in the coming 20 years



Sources: United Nations and Eurostat.

Korian's prime purpose is to provide assistance and services to this category of the population, whose needs are rising in line with demographic and sociological trends. After Japan, Europe is at the epicentre of this demographic transition.

Between 2015 and 2035, the population in the over-85s segment is projected to increase by 80% in France, 70% in Germany and Belgium, and 60% in Italy, in an environment where there will structurally be fewer family carers able to look after their elders.



Source: United Nations.

INCREASE IN CHRONIC DISEASES

Personalised local care

The challenge represented by longevity is not only demographic, it is above all epidemiological, with an increasing incidence of chronic diseases attributable both to advances in medicine and changes in lifestyles.

In Europe, 80% of people over 65 have at least one chronic disease, and 50% of them have two or more.

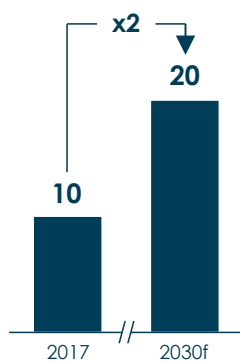
The number of patients with chronic diseases is rising fast, particularly those with neurodegenerative disorders.

Such patients need specialised medical care and an appropriate living environment over time.

Caring for people with these disorders is central to Korian's mission, whether it be through clinics and specialised home care networks or its residential solutions. The Group specialises in the long-term care such diseases require. The range of specialised care solutions provided in the Group's facilities allows them to offer support consistent with people's needs and deeply rooted in each living area, with multidisciplinary teams and close ties with local health structures.

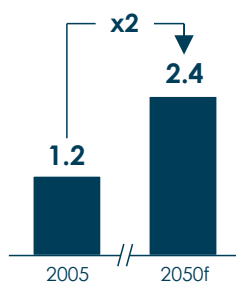
Prevalence of Dementia

[# people affected, millions]



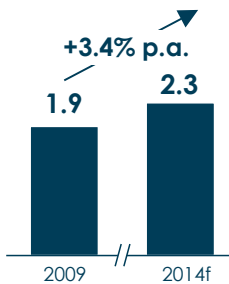
Prevalence of Parkinsons disease

[# people affected, millions]



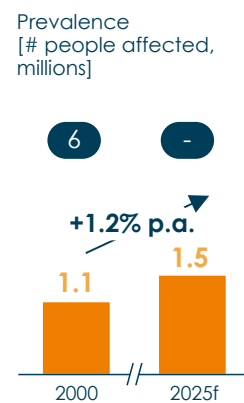
Prevalence of Rheumatoid Arthritis

[# people affected, millions]



Incidence of Stroke events

[# new cases each year, millions]



■ Prevalence ■ Incidence

Sources: WHO, European Brain Council, European Parkinson's Disease Association, National Rheumatoid Arthritis Society, EFPIA, European Journal of Neurology, Roland Berger, BMI, Eurostat.

CHANGING POPULATION NEEDS

Changing lifestyles, different expectations

Today's generations of seniors have different aspirations to their elders. The baby boomers put their social life, autonomy and independence first. They want personalised solutions in the home rather than institutionalised care.

In view of these changes, the Group is diversifying its services to offer solutions tailored to each individual's expectations and to their desires, lifestyle and degree of autonomy.

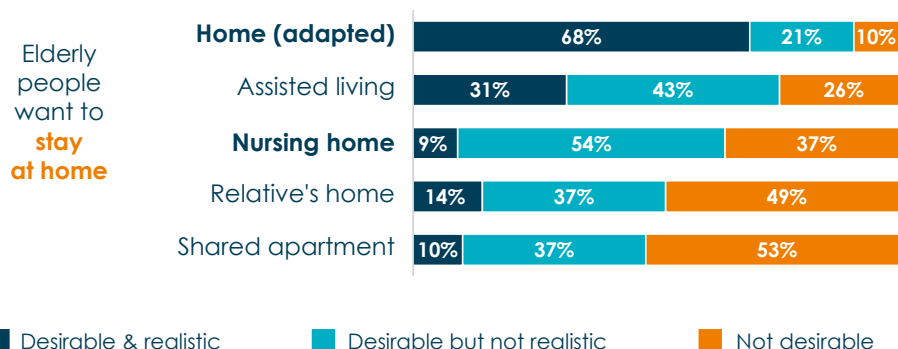
Long-term care nursing homes remain the best solution in cases of high dependency, where residents have a high average age (over 87) and receive 24/7 care.

Differing aspirations depending on the degree of autonomy

80%

People linking NH with the idea of **losing autonomy of choice**

"What do you think about these solutions should you become medically dependent?" [65+]



Sources: "Concertation Grand Âge et autonomie", Dominique Libault (March 2019). IFOP, Credoc, Libault report, Cercle Vulnérabilités & Sociétés study, Roland Berger.

DIGITAL TECHNOLOGY AND HEALTH

Enhanced services and solutions



Digitalisation is an integral part of Korian's transformation. First, it makes it easier for our professionals to work, and frees up more time for them to devote to our residents and our patients. It also increases the capacity for remote support, as shown by the arrival of telemedicine in our retirement homes in 2020, allowing us to assist local healthcare teams.

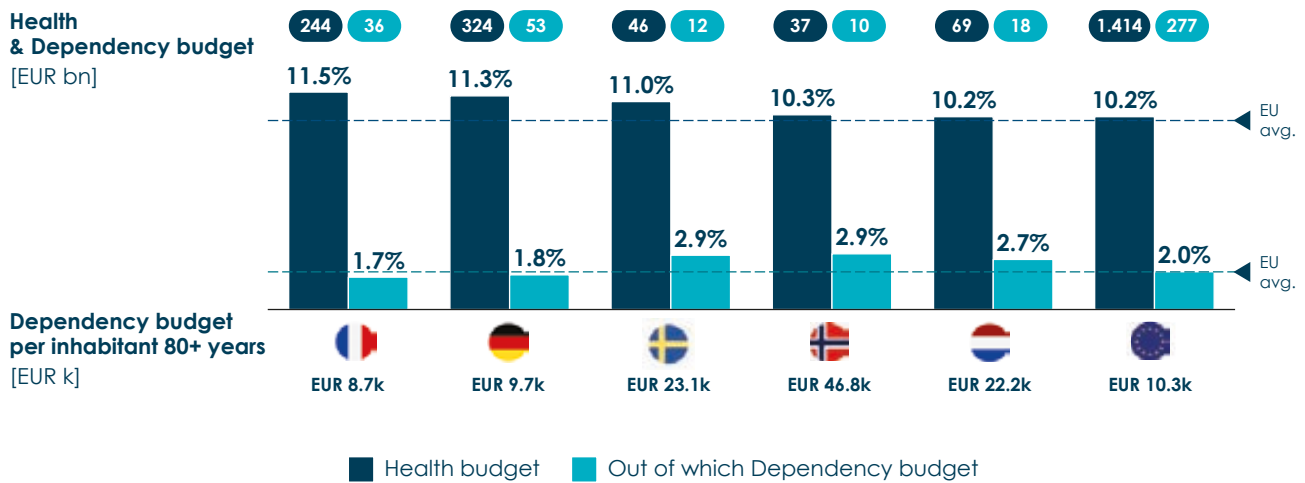
Digitalisation also opens up fresh possibilities for home or outpatient care: remote monitoring, chats with loved ones, coordination with allied professionals, and intelligent home automation solutions developed by our internal digital agency Korian Solutions. Comfort and closeness with families are improved by allowing them to spend quality time together.

MARKET MOMENTUM

A high degree of solidarity

Korian operates in western European countries with a strong culture of healthcare, medical and social welfare provision. The public sector tends to be heavily involved in this area and there is a high degree of solidarity, built on close coordination between local authorities.

Public financing: health & dependency budgets in europe [eur bn & % gdp; 2016]



Source: calculated on the basis of 2016 GDP, recurring health expenditure as per international rules, estimated by the OECD (DCSI, dépenses courantes de santé). Long-term healthcare spending for patients suffering from chronic illnesses requiring constant support. This expenditure does not include spending on social services, as local definitions and scopes make comparison between countries difficult.

OUR RISKS AND OPPORTUNITIES

Demand for new services to meet underlying needs



DEMOGRAPHIC TRENDS

NEW NEEDS

- A growing population of over 85-year-olds (average age of entry into long-term care nursing homes)
- Increase in new kinds of requirements among people over 65, with the arrival of the baby boomers

FOCAL POINTS

- Care and treatment: ensure high quality care, in line with Korian's standards, for as many people as possible
- Human resources management: recruit and retain teams to meet demand

INCREASE IN CHRONIC DISEASES

NEW NEEDS

- Increased need for specialised care
- Expertise required in the treatment of chronic diseases and the care of fragile elderly people
- The offer of care pathways in coordination with several medical specialties provided by Korian will be increasingly relevant for the follow-up and treatment of chronic diseases
- Increased need for outpatient care

FOCAL POINTS

- Care and treatment: develop specialisations in response to a diversity of illnesses
- Human resources management: recruit and retain specialised teams
- Property development and construction to adapt our facilities to allow them to offer appropriate infrastructure
- Legal environment requiring continuous training for our staff





SOCIOLOGICAL CHANGE

NEW NEEDS

- Diversification in services to suit a younger population
- Possibility of offering personalised services

FOCAL POINTS

- Ensure the relevance of the services offered in line with the expectations of the baby boomers

DIGITAL TRANSFORMATION

NEW NEEDS

- Development of tools to ensure user comfort and safety (communication tools, home automation, fall detectors, etc.)
- Improvement of the working environment for nursing staff and the quality of service
- Creation of digital gateways for therapeutic care (telemedicine, care pathways, etc.)

FOCAL POINTS

- Information system, cybersecurity and data protection: develop new services securely and in accordance with the laws of each country
- Digital transformation: keep a step ahead with relevant choices of systems in line with future developments
- Diverse sources of funding



DIVERSE SOURCES OF FUNDING

CHANGES UNDERWAY

- Public authorities are taking into account the rise in dependency
- Possibility of strengthening accommodation capacities

FOCAL POINTS

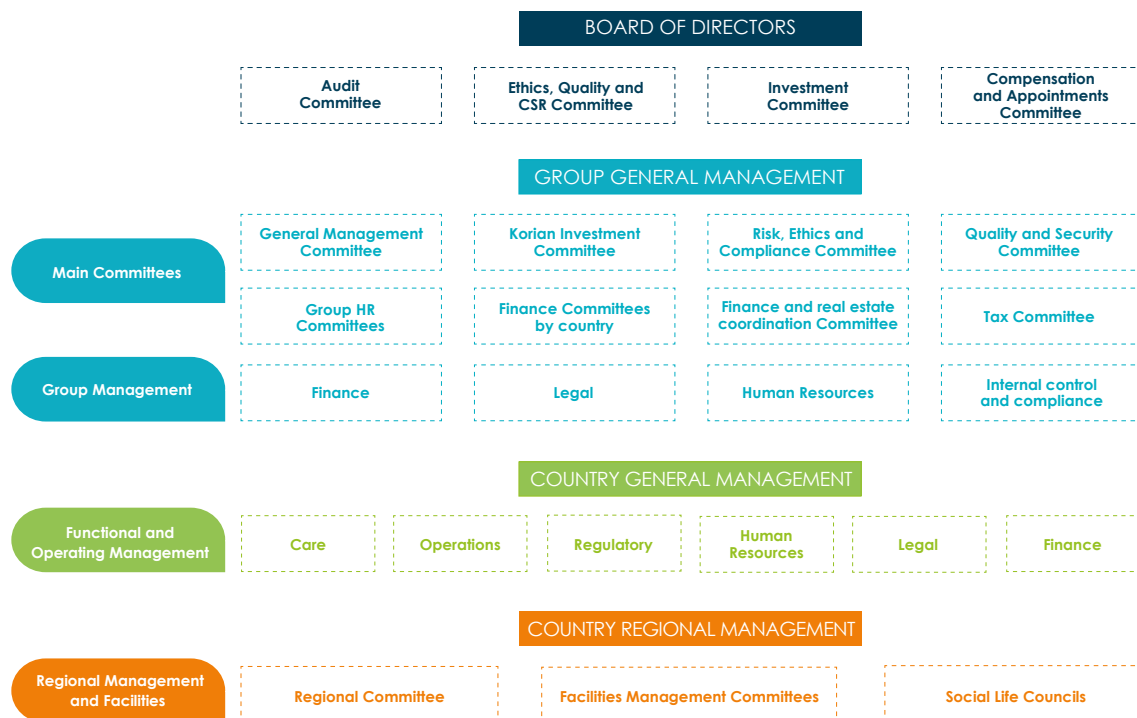
- Regulations and prices: the Group's revenues may be affected by any change in prices applied to our activities by the authorities in our various geographies
- Competitive environment (public, private, associations) and diversity of the offer (nursing homes, assisted living facilities, home care, etc.)

OUR RISK MANAGEMENT

An essential aspect of our Group operations

Risk prevention and management is a fundamental aspect of each facility's operations. This local risk management approach is part of a quality drive implemented at country level and across the Group, aimed at identifying, quantifying and mitigating the risks involved in the various dimensions of the Group's activity.

Risk mapping is prepared at Group level and updated each year. It is transposed to the level of each business line, and specific action plans aimed at improving risk management are drawn up and monitored.



Operational risk management is conducted by teams in each region of each country under a decentralised management approach. The Group has established quality standards and implemented risk analysis and assessment processes. It also has processes for reporting and monitoring a broad range of incidents and risks, allowing incidents to be dealt with and necessary responses to be made at the appropriate level.

Risk mapping and monitoring are carried out by the Internal Audit and Control Department. The Group also has a Safety and Crisis Management Department reporting to the Medical and Quality Department.

The Group's risk identification, management and governance processes are presented in Chapter 2 of this universal registration document. Detailed information on the regulatory environment is provided in section 3.5.1.2 of this universal registration document.



OUR STRATEGY:

**Develop a diversified range of solutions
at living area level to support people
in vulnerable situations**



PROVIDE DIVERSIFIED AND LOCAL CARE PATHWAYS

Adapted and scalable solutions

Korian's ambition is to offer a comprehensive range of support services for fragile people and to meet the needs of the elderly through solutions tailored to each individual depending on their situation, their capacities, their needs, their desires and those of their loved ones.



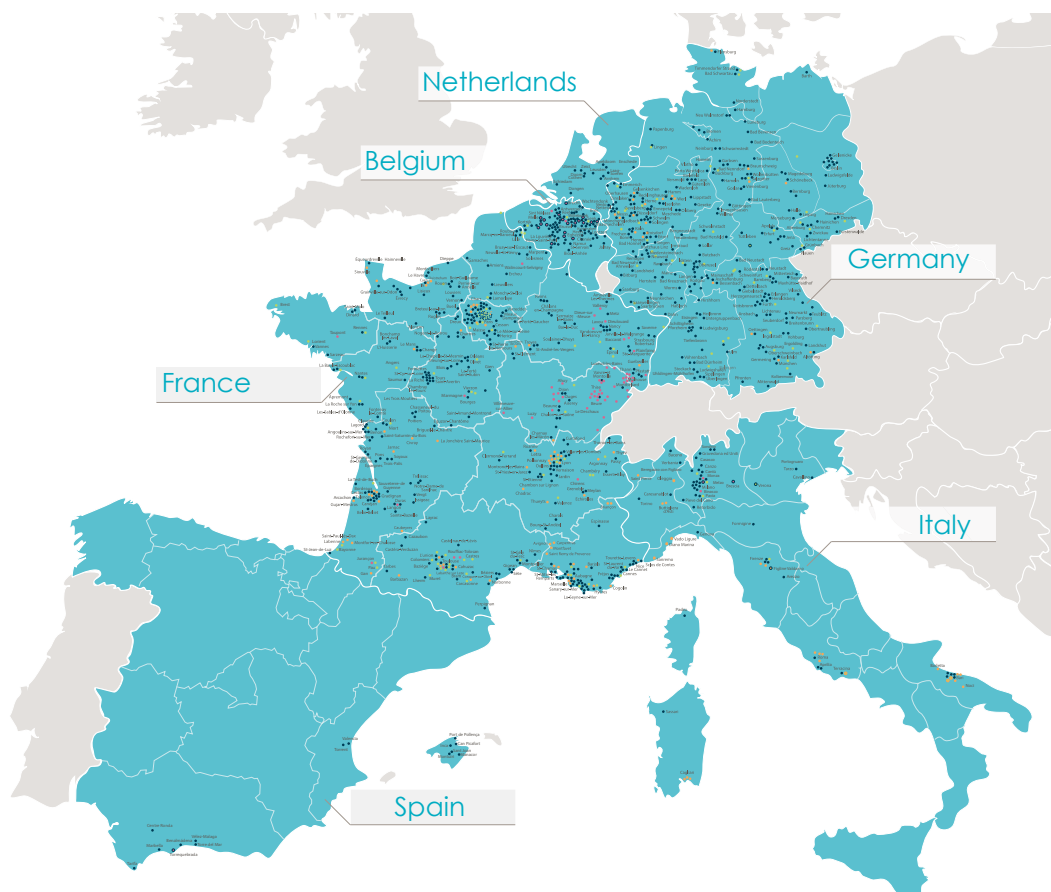
Korian's services need to be able to meet the requirements of very different situations in terms of medical needs, isolation, or simply support and social connection.

To achieve this, the Group is fostering a care pathway approach:



A RESOLUTELY EUROPEAN APPROACH

Multi-domestic strategy across Europe



Korian is a European group with operations in six countries which now have a total of 15 million people over the age of 75 and 20 million people over the age of 60. The Group's aim is to provide practical long-term support solutions to address the diversity of individual and collective situations arising from the longevity society currently emerging in all European countries.

Korian's network is deeply entrenched in each of the regions it serves, and is dense enough to be able to support and care for those people: in France, for instance, nearly 60% of the

population aged over 75 lives within 10 km of a Korian facility (i.e. clinics, Petits-fils agencies, long-term care nursing homes).

The Group's strength lies in its expertise, innovative methods and, especially, the quality of its teams and the relationships it maintains locally.

Korian has deep roots in each of the regions in which it operates, working to meet the needs of local populations as closely as possible and to support the healthcare sector.

IN CARING HANDS: OUR NEW CORPORATE PROJECT

A comprehensive transformation to secure long-term trust

 Our new corporate project "In caring hands" has two main pillars: first, to target operational excellence in all fields; and second, to foster a spirit of innovation.



Best in class



Be the preferred employer



360° quality standards



Operational excellence

Pioneer spirit



Agile growth



Digital solutions



Innovative buildings



BE THE PREFERRED EMPLOYER

Korian has made its employer policy an essential part of its strategy. We aim to offer our employees motivating and enriching career paths and a quality work environment conducive to the provision of quality care. We are particularly committed to providing professional qualification courses for our employees: more than 4% of the workforce was enrolled in a professional qualification course in 2019, and our aim is to bring this figure to 5.5% in 2020 and 8% by 2023.

82% of our Group's employees are women, and we are strongly committed to their advancement and career paths. Our goal for 2023 is for women to account for 50% of our top management.



OPERATIONAL EXCELLENCE

We are constantly working on the fundamentals of the care and services we provide, and in particular on information systems, to ensure the best standards in each of our locations. 2019 saw the rollout of new harmonised HR information systems in Germany and France, a new system for monitoring our residents and patients in Germany, the full implementation of an



360° QUALITY STANDARDS

Our residents and patients are the focus of our attention and we want to provide them with quality services wherever we operate. Our goal is to be the first European care provider set to have full ISO 9001 certification by 2023. The initiative was launched in 2019, with preparatory work on the Company's main reference guidelines with a view to standardising practices.



integrated information system in Italy ("Equipe") to monitor individualised care provision, services and catering for residents staying in a clinic, at home, or admitted to a nursing home, via a single software environment made available to employees on tablets across all of our facilities. In France, similar systems have been rolled out, with "Net'Soins" in all long-term care nursing homes, and "Hospital Manager" in all post-acute and rehabilitation care clinics.

Ensuring ISO 9001 certification in Europe





AGILE GROWTH

Our pioneering spirit is reflected in our agile business culture, which spurs each of our sites to expand its services and solutions. Our decentralised model, in which each business line is responsible for its own development, drawing on its knowledge of opportunities in the field, facilitates expansion at local level.

DIGITAL SOLUTIONS



The Group is investing in digital technology with a view to gradually connecting all of its facilities, not only internally but to all external stakeholders. This makes for more seamless communication with loved ones, and enhanced security for our residents. The digitisation of processes also provides our teams with more time for quality care, and contributes to improving health and safety at work, with automated or digitised equipment providing more comfort on a daily basis.

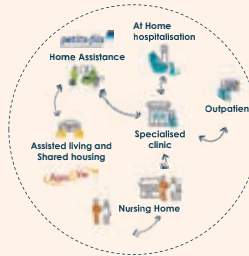
Improving quality of life



FOR PATIENTS



COMMUNICATION & DIGITAL
FALL DETECTION
DOMOTISATION



FOR COLLABORATORS

- 100% One unique Client follow up system: Equipe** (electronical health record) for clinics and Nursing Homes
- 100% Nursing Homes** with connected tablets to support **NETSOINS** mobility program
- Ongoing deployment** in Germany and Belgium



INNOVATIVE BUILDINGS

The Group's real estate expertise allows us to innovate, to adapt our facilities to new needs and to ensure we provide welcoming and suitable living spaces in each living area. Korian's proprietary concepts are being rolled out through various greenfield projects and the adaptation of our sites is helping transform

the facilities we operate, as with our clinics in France.

The Group now owns 22% of the sites it operates and will continue investing in our property, with the aim of raising the ownership rate to 25% in 2021.

The Group currently has 142 property development projects underway, based on four concepts:

New living spaces for a new concept of care



SMALL-SIZED CARE COMMUNITIES



200 projects pipeline including Ages & Vie & Stepping Stones



CONNECTED CLINICS



Outpatient facilities
Specialised equipment



NEW KORIAN HOUSES



45 projects pipeline
Care platforms including Residential care
Day Care
Assisted Living



URBAN RESIDENCE SERVICES



25 projects pipeline
Urban residence services



OUR RESPONSIBILITY:

**Create a local ecosystem for the benefit
of residents and patients**



PRIORITY TO STRONG LOCAL TIES

A partnership approach

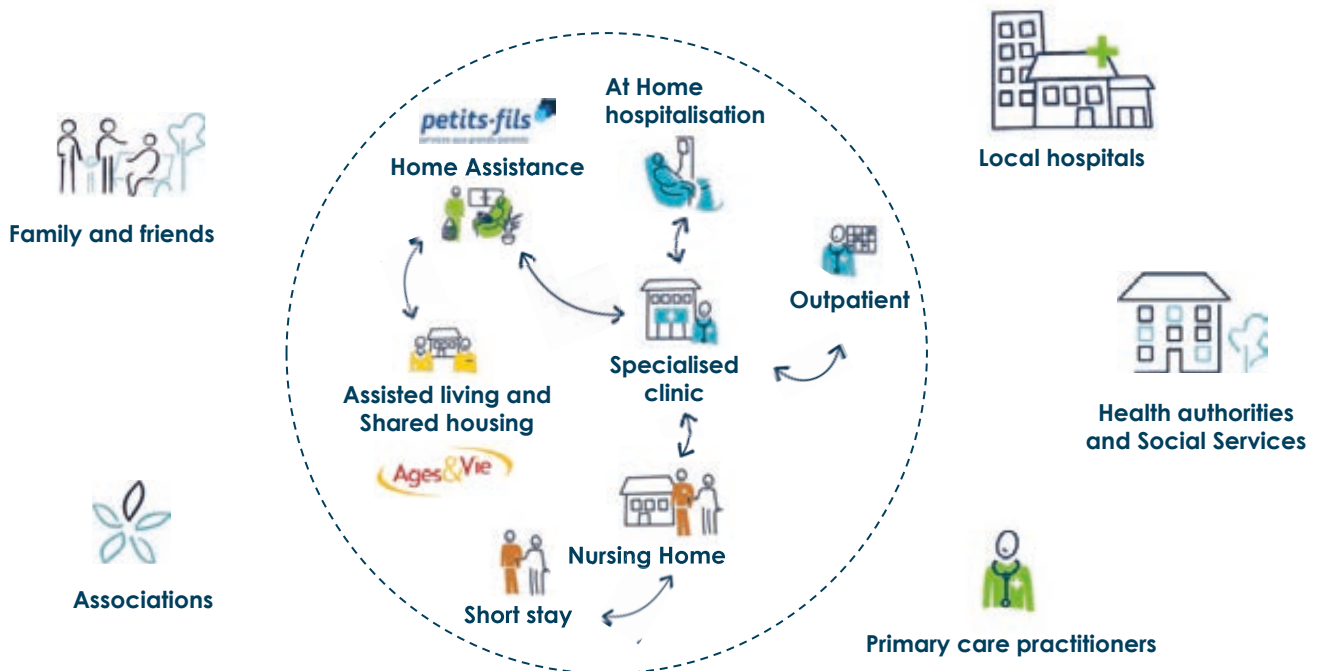
The density of our network in the main countries in which we operate is a major advantage and provides the foundation on which to continue expanding and diversifying our services.

We are also convinced of the need to work hand in hand with our partners, be they local hospitals, community medical facilities and GP

practices or other healthcare professionals, such as physiotherapists, in each of the living areas we serve. Through this partnership-based approach, our aim is to devise care provision projects tailored to each location.

The Covid-19 outbreak confirmed the need to continue strengthening these local ecosystems.

Developing a local, partnership-based ecosystem



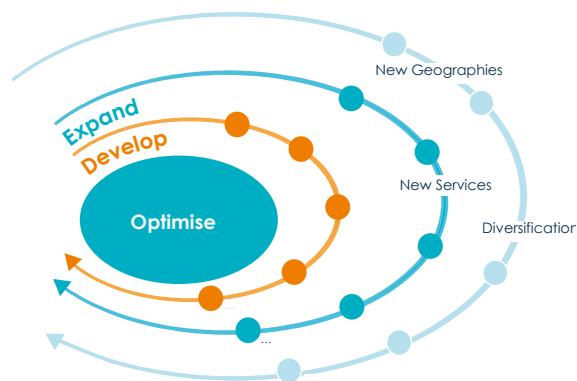
IMPLEMENTING OUR STRATEGY

Building on our network and strengths

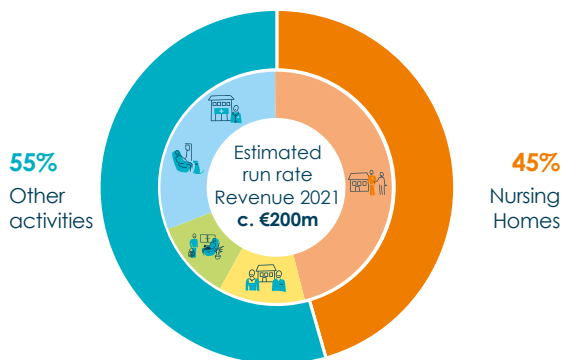
Our goal is to provide a comprehensive care pathway in each living area and across all of the countries in which we operate.

Achieving this aim involves optimising existing networks, developing complementary services, and diversifying our expertise and care provision formats in those existing locations.

Meanwhile, the Group could continue efforts to expand its geographical footprint.



Contributions from acquisitions

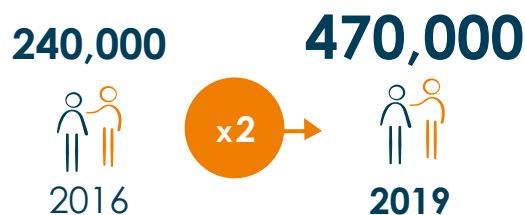


We took active steps to pursue this diversification drive in 2019, with acquisitions made predominantly outside the nursing home sphere. All of our acquisitions are aimed at strengthening our local footprint and our offer of local services.

Each country is currently in the process of diversifying its offer and intensifying the supply of services in the living areas in which we operate. This diversification drive is well underway, with some countries going further than others on this front in 2019, their progress depending on the length of time we have been operating there and the conditions at local level.

In 2019, we supported and cared for 470,000 people, which is practically double the number in 2016.

A rising number of residents and patients



15 ESG* COMMITMENTS

Serving all of our stakeholders

Our CSR strategy is based first and foremost on our **corporate values of benevolence, responsibility, initiative and transparency**. These four values, which were defined by the employees themselves in 2014 at the time of the merger between Korian and Medica, have since been rolled out across the entire company and are embodied on a daily basis by strongly committed teams who are proud of their profession (75% and 90% respectively, according to the 2019 "Kommunity" survey conducted by IPSOS in all of the Group's countries).

Our corporate project "**In caring hands**" is built on these values and has been enthusiastically embraced across networks.

Korian's CSR strategy is built on **five strategic and operational pillars** integrated into the main dimensions of the "In caring hands" promise:

- Promote a humanist conception of care for fragile elderly people, based on prevention and ensuring freedom of choice for people receiving care and the full involvement of loved ones.**
- Taking care of those who take care, by improving the quality of work.**
- Contribute positively and proactively to the longevity Society.**
- Be a committed local player in the territories, living areas and local communities.**

5. Reducing the carbon footprint of our activities through efficient and responsible management of our property portfolio, our building techniques and the fight against resource wastage, in compliance with the French regulatory framework.

These five pillars form an integrated whole, testifying to Korian's keenness to contribute positively to society wherever the Group operates, and to **meet the expectations of our various stakeholders**.

The Group's commitments translate into **15 ESG commitments reflected in quantified practical indicators enabling the implementation of action plans to be monitored according to each of the five pillars** detailed in chapter 3 of this universal registration document.

To further improve the ongoing consideration of stakeholder expectations, we created a multidisciplinary **Korian group Stakeholder Council** in 2019. It comprises a range of qualified external personalities and is chaired by Françoise Weber, a personality recognised in France for her ability to address complex scientific and societal questions. The Council will enrich the Group's work by providing external perspectives, notably in the field of medico-social activities.

In addition, a **new Foundation**, built on the model of the Korian Foundation for Ageing Well, was created in **Germany** in early 2020; its priorities will relate to occupational health in the field of care.

1	ENSURING FREEDOM OF CHOICE FOR PATIENTS, RESIDENTS AND CAREGIVERS	Deploy Positive Care to 100% of facilities by 2023	100% of facilities ISO certified by 2023	One mediator per country and a Charter of Mutual Responsibilities in all facilities by 2023
2	TAKING CARE OF THOSE WHO TAKE CARE	Maintain and increase average tenure (currently six years)	8% of staff enrolled in qualifying training programmes by 2023	50% women in top management by 2023 (+10%)
3	MAKING A POSITIVE CONTRIBUTION TO THE LONGEVITY SOCIETY	Devote 1% of Group net profit to funding philanthropic endeavours	A Stakeholders Council in every country by 2023	5 scientific publications per year
4	BEING A COMMITTED LOCAL PARTNER IN THE TERRITORIES	70% of purchases made in a Group country 20% more from SMEs	100% of sites engaged in a project for their community by 2023	A Social Life Council ** at each site by 2023
5	REDUCING OUR CARBON FOOTPRINT	3% drop in energy consumption by 2020	5% reduction in waste volume by 2023	100% of new buildings certified HQE or equivalent starting from 2020

* ESG: Environment - Social - Governance

** Translator's note: Conseils de la Vie Sociale: In France, long-term care homes have an obligation to organise community life committees allowing representatives of management, staff and residents to discuss the everyday running of the establishment (social activities, planned building work and equipment, care provision, etc.).



OUR GOVERNANCE:

**Underpinning our strategy
of listening to stakeholders**



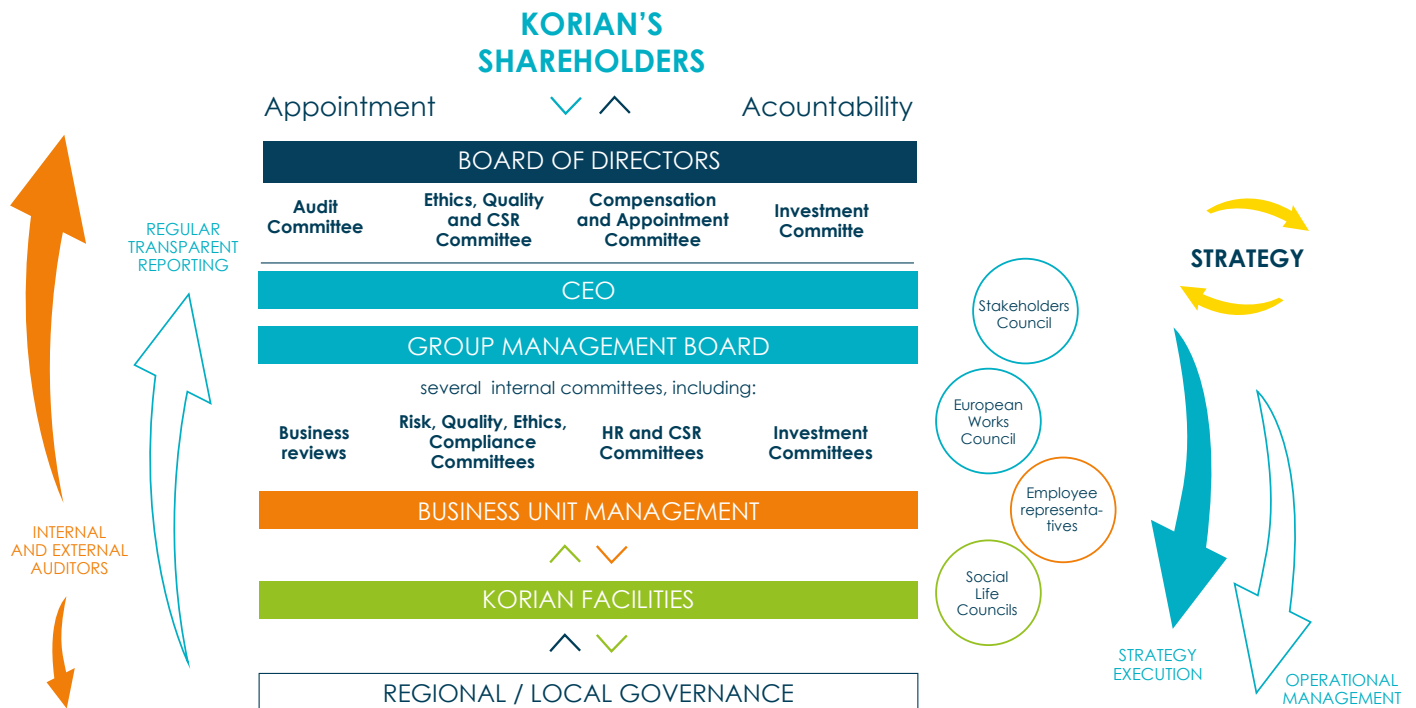
GOVERNANCE SERVING QUALITY OF CARE

Extensive stakeholder involvement

Our strategy draws upon active contributions from internal and external stakeholders. This ongoing dialogue ensures we build trusting relationships and aims to create shared value for the entire ecosystem.

Meanwhile, the Board of Directors pays particular attention to quality, ethics and CSR issues through a specific committee whose brief was formally extended to CSR topics in early 2019.

The various information reporting procedures and the rigorous work of its committees give the Board a precise vision of the state of progress of operations and the implementation of our strategy. The Group's managerial forces together steer the Group's strategy and each individual's objectives.



See Chapter 4 of this Universal Registration Document for detailed information.



OUR BUSINESS MODEL

Creating shared value



Our purpose

To be the established and trusted partner of fragile people and their loved ones across the 600 living areas in which we operate, and to contribute to their comfort and the quality of their daily life, whatever the state of their health.

Our resources

Our employees People are a key strength



Employees: **56,000**
82% women, 46% of whom in **top management**
Over 100 professions, **63%** which in **care**

Our regional roots A pan-European footprint in 600 living areas



6 countries in Europe
Nearly **900** facilities in **600** living areas
Home help facilities in Europe including **over 100 Petit-fils** agencies in France
Multi-domestic and partnership ecosystem: **60%** of people **over 75** live **within 10 km** of a **Korian solution** (France)

Our financial solidity Management of our financial profile and investment capacities



EBITDA margin: **14.8%**
Debt ratio: **3.1x**
Operating free cash flow: **€231m**

Our real estate strategy In the service of quality care and well-being



Accelerate the development and transformation of the portfolio
Launch new concepts and innovations

- Ownership rate: **22%**
- Portfolio valuation: **€2.0bn**
- Property investments: **€279m**

Our digital innovation Develop "outside the walls" care pathways



K'IoT (Internet of things)
Touchscreen tablets/Digital platforms
Telemedicine
CRM (Customer Relationship Management)

Our environmental footprint We strive to reduce the impact of our activities



Carbon footprint
Waste management
HQE buildings or equivalent labels in Europe



In caring hands

Benevolence – Responsibility – Initiative – Transparency

Best in class

Pioneer spirit



Adapted and scalable solutions



5 CSR dimensions



Our stakeholders

- Elderly or fragile people
- Families and caregivers
- Group employees
- Local authorities and communities
- Healthcare professionals
- Non-profit organisations and research centres
- Our suppliers and subcontractors
- Shareholders

Challenges and trends



Our ambition

Build an integrated European group providing care and support for the elderly and fragile people

Our impacts and outcomes in 2019

Our employees



75% engagement rate among our employees
c.**11,000** new hires
> 4% of employees on professional qualification courses

Our approach to excellence



470,000 residents and patients (x2 vs 2016)
Resident and patient satisfaction rate: **96%**
8% of sites certified ISO 9001

Our contribution to society



1st Stakeholder Council in France
2 Foundations in France and Germany
0.5% of net income devoted to **philanthropic initiatives**

Our economic and financial contribution



8.3% growth in revenue, with **3.8%** organic growth
OFCF/EBITDA: **43.3%**
Debt ratio: **3.1x**

Our real estate strategy



Ownership rate: **22%**
Portfolio valuation: **€2.0bn**
Pipeline of **142** projects built on **4** concepts

Our digital innovation



46% of the Group's IT projects are digital projects
Investment in **4 digital** platforms: Oriane, Over (Italy), Omedys (France), Move in Med (France)
Availability of digital care tablets/interfaces in **100%** of sites in Italy and in France

Our environmental footprint



Inaugural carbon footprint
Energy consumption (electricity, gas, heating oil): 8.7 Mwh/bed or **1.9 tco2e/bed**
Water consumption of **56.9 m³**

Our 2023 commitments

BEST IN CLASS

Become the benchmark player in the sector by targeting operational excellence



Be the preferred employer

8% of our workforce on professional qualification courses
+10% women in top management to reach 50%



Operational excellence

IT and process systems in support of our operations
Revenue target c.€5bn



360° quality standard

100% of sites certified ISO 9001

PIONEER SPIRIT

Remain at the forefront of innovation and always stay one step ahead



Agile growth

Diversification strategy with 30% of revenue from diversified activities



Innovative building design

100% of new buildings certified HQE or an equivalent European label
Contribution of new real estate concepts to the strategy to reduce carbon emissions



Adaptation to the digital world

Digital transformation of facilities
Build veritable "outside the walls" care networks to support people at home and create therapeutic care pathways

> Digital technology

> A high degree of solidarity

Regulatory environment



Risk factors

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The Company continually reviews the risks to which it is exposed and updates its risk map on a regular basis. The risks described below are those that the Company considers, at the date of this report, as potentially having a material impact on the Group, its business, financial position and results, or its development.

For each risk category, the most material risk factors are presented first. The Company provides the following information for each of the risks presented below:

- a presentation of the gross risk, as it arises during the course of the Company's business;
- a presentation of the control mechanisms implemented by the Company for the purposes of managing said risk; they are based on an accountability system that is defined and formalised at each level of the organisation, in particular through delegations of power and internal policies and procedures.

By applying these measures to the gross risk, the Company is able to analyse the net risk and assess the criticality of the net risk based on a joint analysis of two criteria: (i) the probability of the risk materialising and (ii) the estimated scale of its negative impact. A presentation of the risk factors by category is summarised in the table below, with an indication of the criticality of each risk factor according to a three-level scale: low, medium or high.

Risk category	Risk factors	Criticality of the risk factor	CSR
Operational risks	• Coronavirus (Covid-19) pandemic	High	✘
	• Treatment and care	High	✘
	• Reputation	High	✘
	• Human resources management	High	✘
	• Information systems, cybersecurity and personal data protection	Medium	✘
	• People safety	Medium	✘
	• Competitive environment	Medium	✘
Strategic risks	• Business development and external growth	Medium	
	• Digital transformation	Medium	✘
	• Property development and construction	Medium	
Legal, ethical and regulatory risks	• Regulations and rates	High	
	• Global warming and environmental damage	Medium	✘
	• Business ethics	Medium	✘
Economic and financial risks	• Changing market conditions following the Coronavirus (Covid-19) pandemic	High	
	• Liquidity risk	Medium	
	• Interest rate risk	Low	
	• Building rental expenses	Low	

However, the list of risks described above cannot be considered exhaustive. The Group cannot rule out the possibility that other risks may arise in the future and have a material adverse impact.

As it faces the Coronavirus (Covid-19) pandemic, the Group has made the health and safety of its residents, patients and staff its top priority, in coordination with the health authorities in each of the countries in which it operates. Since the crisis began in Europe, each Korian facility has taken appropriate measures to the best of its knowledge and in strict compliance with the directives issued by the health authorities in an effort to limit the effects on its residents, patients and staff. However, the pandemic is still ongoing and the Group is thus unable to

determine with any accuracy all the consequences it might have on its business and more broadly on the economic context as a whole. More details can be found in sections 5.7 and 5.8 of this universal registration document.

Some of the risks described in this chapter are associated with social issues, environmental issues, ethics and human rights. These main non-financial risks are indicated in the tables below with the symbol ✘. Chapter 3 of this universal registration document describes the policies introduced by Korian to identify, prevent and mitigate the occurrence of these risks and presents the outcomes of these policies.

2.1 Operational risks

2.1.1 Coronavirus (Covid-19) pandemic ✖

Description of the risk

The Coronavirus (Covid-19) pandemic, given its virulence, its dangerous nature, especially for the elderly, and its exceptional scale, represents a major risk for residents and patients that the Group cares for within its facilities, as well as for its employees. The health management of this pandemic is further made more difficult by the absence of proven curative treatment or vaccination and, depending on the geography and local authority prescriptions, disparities in screening policies and access to the hospital sector and emergency services vary. As of the date of publication of this document and although it is still difficult to measure all its effects, the Coronavirus (Covid-19) pandemic is likely to expose our residents and patients at risk of increased mortality, despite the preventive measures introduced in our facilities as soon as the pandemic risk was identified.

Certain Korian facilities have faced criticism and complaints, including criminal prosecution, following their management of the Coronavirus (Covid-19) pandemic. As of the publication of this document, it is too early to assess the associated risk.

Aside from the dramatic health repercussions, the unprecedented utilisation of resources required could affect the way facilities are managed at a time when staff are also at risk of contracting the virus and taking sick leave.

Policies in place

The Group is doing its utmost to manage this pandemic and has introduced the following procedures progressively as the situation evolved in order to secure the health and safety of its residents, patients and staff while offering service continuity. The measures rolled out relate to medical and health management, human resources management, operational management and external communication as well as internal communication aimed at its staff. These measures are being adjusted and reassessed on a daily basis according to the latest developments regarding the Coronavirus (Covid-19) pandemic and on the instructions and recommendations issued by the public authorities. Korian has been actively involved in discussions between the supervisory authorities and industry professionals on how to manage the crisis.

First of all, the annual epidemic vigilance plan, which is activated as usual each year in October in preparation for seasonal epidemics, was reinforced in February 2020. The plan includes the following procedures:

- A review of equipment inventories (hand sanitisers, protective masks, gloves, gowns, glasses).
- A reminder issued to staff about basic hygiene practices, protective measures and the benefits of the flu vaccination (training kits, slideshows, posters, e-learning tools, etc.).
- Communication and awareness campaigns for residents, families and visitors on hygiene practices and protective measures (posters, meetings, letters, etc.).
- Implementation of an epidemic monitoring process based on the information provided by the country's health organisations.
- Implementation of a monitoring process targeted specifically at clusters of respiratory or digestive infections, as part of the adverse events monitoring process and conducted throughout the epidemic.

In addition to these yearly measures, and while it is impossible to provide an exhaustive list, the following additional key action plans have been implemented by Korian and/or the facilities concerned:

- Segregation of Covid+/Covid- cases within the facilities.
- Medical equipment support for the facilities.
- Stocking of protective equipment supplies, while taking into consideration any requisitions enforced by the health authorities, in order to prepare for future requirements.
- Face masks and protective equipment to be worn by facility staff.
- Specific communication with the families.
- Widespread use of remote working by all administrative staff.
- Implementation of crisis units.
- Deployment of a general testing policy beyond the recommendations issued by health authorities, for residents, patients and staff, within the limit of medical prescriptions and testing kits provided by the public authorities.
- Implementation of a Europe-wide Covid-19 committee chaired by Doctor Françoise Weber, Chairwoman of Korian's Board of Stakeholders.

As far as criminal complaints are concerned, the Group is actively working with the courts to demonstrate that no breaches of the law or regulations have taken place.

Description of the risk	Policies in place
	More comprehensive information about the crisis management procedures in place for the Coronavirus (Covid-19) pandemic can be found in section 5.7 of this universal registration document.

2.1.2 Treatment and care ❄

Description of the risk	Policies in place
<p>In 2019, Korian provided care for 470,000 residents and patients either in one of its 893 facilities or in their homes.</p> <p>Given the frailty and age of its residents and patients, and even though the Group gives absolute priority to the quality and safety of the care and treatment it offers, there are inherent risks to providing care for our most frail citizens.</p> <p>These risks may be associated with the following events: compliance failings in the treatment and care provided (medication errors, inadequate supervision resulting in falls or injury); manifest individual failings or even the occurrence of abuse; seasonal epidemic outbreaks (influenza, respiratory infections) which may particularly affect elderly people with chronic illnesses. This list of events cannot be considered exhaustive.</p> <p>Such events may have an adverse impact on the Group's business and hence on its financial position.</p>	<p>The Group is particularly vigilant when managing the risks associated with the care and treatment it provides, and its approach involves various elements:</p> <ul style="list-style-type: none"> • formalising and circulating the Group's Medical, Ethics and Quality policies in accordance with ethical and regulatory requirements; • adopting a quality management approach in order to provide care in conditions of optimal quality and safety; • regularly publishing recommended best practices for the directors and staff of the Group's facilities; • training members of staff in the proper procedures to follow when providing care, with a focus on preventing abuse through a personalised or therapeutic care programme (Korian Positive Care); • carrying out annual theme-based campaigns across Europe to raise awareness; • adopting a zero-tolerance approach to abusive behaviour by setting up measures to protect the fragile person as rapidly as possible; • implementing a whistleblowing system enabling employees to report any unethical or irregular practices; • performing internal audits (such as 360° quality audits) and external audits and conducting self-assessment programmes annually to ensure that best practices are applied properly, risks are managed, and care and treatment pathways are continually improved with full consideration for individuals and regulations. <p>Moreover, the system for reporting serious adverse events aims to record every incident in any of the Group facility, in order to ensure that appropriate measures are implemented immediately. In addition, in the event of an exceptional situation arising, the Group and its facilities are organised in such a way as to manage any critical situation by applying a graduated crisis management approach in each country and Group-wide.</p> <p>More information on the procedures for handling serious adverse events and on Korian's Positive Care approach is provided in sections 2.5.7.2 and 3.2.2 of this universal registration document.</p>

2.1.3 Reputation ❖

Description of the risk

The Korian group operates in a very sensitive sector which involves assisting and caring for elderly and/or frail people either in its nursing homes (called EHPADs in France), its clinics or in the person's own home.

Given the eminently sensitive nature of the Group's activities, and even though the Group gives absolute priority to the quality of the care and treatment it provides to its residents and patients, its facilities are exposed to the risk of complaints from residents, patients and families with respect to the quality of medical care treatment delivered, care provided and accommodation services offered. In addition, although the civil liability of physicians who work as independent practitioners in the Group's facilities covers any risks specific to their work, any such failing on their part could possibly damage the facility's reputation.

Moreover, the Group is exposed to criticism in the media and on social networks targeting either the elderly care sector in general or Korian in particular. Given that social networks are becoming increasingly influential, the Group could become the target of harmful media coverage or reports spreading inappropriate and/or incorrect information.

In light of the crisis resulting from the Coronavirus (Covid-19) pandemic, greater exposure to the medico-social sector implies a higher media risk.

Policies in place

First and foremost, the Group pays particular attention to the quality of the services provided in its facilities. This quality is upheld by specific standards and procedures, which are regularly updated as part of the Group's quality assurance process and best practices and are distributed to all its facilities. Regular staff training courses are held. Moreover, regular checks are conducted (self-assessments, care audits, quality audits, etc.) on the quality of service provided.

Particular attention is paid to the observations and complaints made by residents, patients or their families, and the Group endeavours to provide prompt and satisfactory solutions.

Korian has a crisis management set-up that it activates whenever necessary, and it actively communicates more generally on local and national action plans implemented by the Group.

Where necessary, in the event of prejudice to the Korian group's reputation or honour, the required legal action is taken to defend the interests of the Company and its employees and thus to protect their image and reputation.

2.1.4 Human resources management ❖

Description of the risk

Some 56,000 men and women work within the Group each day to care for most frail and elderly citizens, spanning a whole range of professions (care, hospitality-catering, recreational activities, administration).

The Group plans to hire an additional 60,000 people over the next 5 years in preparation for an ageing population, a broad range of chronic illnesses and increasing demand for care for frail and dependent elderly people.

However, there is currently a shortage of certain skills required, especially among caregivers, in most of the countries in which the Group operates; this is due to insufficient qualified personnel, constraints on public training courses or difficulties in attracting people to such a challenging profession. This can lead to localised difficulties in recruiting care staff as well as high staff turnover rates, especially of qualified care staff, which could affect our ability to maintain the quality of service provided within the Group's facilities. Such situations could also put upward pressure on the associated costs.

As a result, the Group's ability to operate properly depends heavily on its ability to attract, recruit, retain and train its employees.

Moreover, any deterioration in the quality of life and working conditions of employees, or insufficient attention paid to their health and safety, could have an adverse impact on the commitment and loyalty of staff, and eventually undermine the quality of service provided in the Group's facilities (absenteeism, occupational accidents). In light of the current Coronavirus (Covid-19) pandemic, the effects of which cannot be fully assessed at this stage, the Group's employees are exposed to the virus.

Finally, despite taking care to maintain dialogue with employee representatives, the Group cannot rule out a possible deterioration in labour relations that might lead to disruption, such as strikes or other

Policies in place

The Group has built its human resources strategy on three main pillars: "attract, develop, retain".

The employer brand has been reinforced with new webpages on career development, innovative tools, efforts to upgrade the Group's employer social networks and the organisation of job forums. Meanwhile, partnerships set up with training schools for nurses, caregivers and hospitality students have been systematised in order to attract young people interested in these professions as early as possible, for instance with classes and centres dedicated to training and apprenticeships. In general, the aim is to diversify recruitment channels everywhere in preparation for the Group's future hiring needs and to limit the Group's exposure to external recruitment. Similarly, the use of apprentices has increased in Germany, where they now account for 10% of FTEs, and in France, where the plan is to double the number of apprentices by 2020. Close partnerships are also being created with government job centres in the countries in which Korian operates in order to help unqualified young people by offering them jobs that can be easily accessed following an active training course carried out with Korian.

Further information on the Group's diversity and inclusion policy can be found in section 3.3.4 of this universal registration document.

As regards career development and staff loyalty, the aim is to make Korian stand out from the rest of the market based on its corporate values, the quality of its work and its working conditions; on its management-union agreements in this domain; on continuous improvements in its management-labour dialogue in the field; and on the quality of its management. In particular, its corporate engagement programme, "In Caring Hands", has set 8 specific HR commitments which are deployed throughout the Group.

Finally, the training provided by the Korian Academy, the Group's in-house training institute, is key to attracting and retaining talent and also provides support for staff members in applying best practices.

Description of the risk

union actions, potentially impacting the quality of service provided and the Group's business.

Policies in place

Further information on the Group's training policy can be found in section 3.3.1.2 of this universal registration document.

More information on the policy on health and safety in the workplace, a summary of the Group's collective agreements and its internal "Kommunity" barometer can be found in section 3.3.2.1 of this universal registration document.

As regards the measures being taken to deal with the Coronavirus (Covid-19) pandemic, besides following the regulatory recommendations issued by each of the countries in which it operates, the Group recommended that each of its facilities systematically deploy the protective equipment available (protective masks, clothing, etc.) and take care to ensure that its members of staff effectively apply the protective behaviours for which they have received training. It promotes a vast screening policy in the Group's facilities in accordance with local regulations. It also ensures that staff numbers in facilities affected by the epidemic are strengthened and that absent staff are replaced.

2.1.5 Information systems, cybersecurity and data protection ❄

Description of the risk

Information systems are essential in handling the day-to-day operations involved in managing the data concerning the Group's 56,000 members of staff (pay, planning, career management), the administrative and medical records of its 470,000 residents and patients, its financial flows, accounting, etc.

These systems are used in its day-to-day operations, so a major malfunction could temporarily paralyse the business and impact the quality of service provided. Such a malfunction may have internal causes (obsolete systems, infrastructure not maintained, IT projects not properly supervised, malicious acts, etc.) or external causes (viruses, cybercrime, etc.). In addition, the costs of resuming service and lost revenues could impact the Group's results.

In the particular circumstances arising from the Coronavirus (Covid-19) pandemic, the Group's IT security teams have noted an increase in attempted cyberattacks and have thus had to reinforce the security of our information systems, which might potentially incur additional costs.

Moreover, Korian's business requires it to collect and process personal data, some of which is sensitive, in particular the health records of its residents and patients. The Group also collects personal data that is necessary for its business to function properly (employee data, data required for invoicing, etc.). The Group is subject to the General Data Protection Regulation ("GDPR") which came into force on 25 May 2018, as well as the different regulations governing the processing of personal data and health data applicable in the different countries in which it operates.

The loss, theft or unavailability of personal data could create operational difficulties in providing care to the Group's residents and patients and lead to a decline in the quality of care provided. In addition, it could expose the Group to legal action by the persons concerned or the relevant authorities, potentially impacting its reputation and possibly its financial position.

Policies in place

To mitigate such risks, the Group relies on dedicated expertise within each country's Information Systems Department to safeguard and, insofar as possible, prevent malfunctions in any of its management systems, thereby ensuring business continuity. The work of these departments is coordinated Group-wide.

When it comes to IT security, the action taken by the IT Security Officers of each country is coordinated at Group level and common guidelines have been established to ensure a minimum level of security in each of the countries in which the Group operates. In light of the current lockdown and with the Group's administrative staff working remotely, our IT Security Officers have placed cybersecurity under increased surveillance.

Since the GDPR was introduced, the Korian group has reinforced its measures to ensure that its activities comply with regulations governing personal data.

In particular, a Data Protection Officer has been appointed in each country as part of a Group-wide effort coordinated by the Internal Audit and Control Department. A Group-wide personal data standard has also been established, with separate versions in each country depending on their specific needs and languages.

Each item of processed data is recorded in a register, and a preliminary risk analysis and impact analysis is carried out in accordance with the recommendations issued by France's data protection authority (Commission nationale de l'informatique et des libertés – "CNIL").

In addition, preventive measures and training programmes are carried out with members of staff to raise awareness of the risks associated with digital technologies and the regulations governing personal data. Specific audits are also performed regularly to assess the security and compliance of systems in place and to deploy any action plans if necessary. The Group has also taken out insurance against cybersecurity risk with the policy taking effect on 1 January 2020.

Finally, the system for reporting serious adverse events aims to record all incidents relating to information systems, cybersecurity and personal data in each Group facility.

2.1.6 People safety ✖

Description of the risk

As public access buildings, the Group's facilities must safeguard the people they care for and comply with current regulations.

The main safety risks that may materialise in the Group's facilities are those relating to:

- building safety (including fire safety and health safety);
- the food safety of residents and patients (the Group provided care for 470,000 residents and patients in 2019);
- *Legionella*-type bacteria in the facilities' hot water systems, potentially leading to *Legionella*-related respiratory illnesses which prove fatal in approximately 11% of cases;
- malfunctions in the biomedical systems and equipment used for diagnostic, therapeutic or rehabilitation purposes, which could lead to a mistaken diagnosis or medical incident.

The occurrence of incidents resulting from malfunctions in the systems and equipment used by certain of the Group's facilities or the failure to comply with regulations or with the rules of hygiene in the kitchen or during the distribution of meals could potentially incur the Group's civil and/or criminal liability, result in the suspension of operations, adversely impact its business, financial position and results and also damage its reputation.

See section 2.1.1 of this universal registration document for more information about the risk relating to the Coronavirus (Covid-19) pandemic.

Policies in place

The concept of safety for all is among the Group's priorities, and each year it invests at least the required amounts to help its facilities comply with the public authorities' directives and also to modernise them. Compliance is verified with the help of independent professionals responsible for controlling and monitoring the maintenance and safety of installations (equipment, buildings, medical devices and systems, etc.).

In addition, the Group's internal procedures describe the best practices to follow in terms of fire safety, health safety, food safety, etc. Korian's internal teams coordinate 360° quality audits to ensure compliance with rules and best practices, and these audits are supplemented with period systematic external audits performed by certified organisations.

Moreover, a system for reporting serious adverse events is in place and aims to record all major technical malfunctions in each Group facility. In the event of an exceptional situation arising, the Group is organised in such a way as to manage any critical situation by applying a graduated crisis management approach in each country and Group-wide.

2.1.7 Competitive environment ✖

Description of the risk

The Korian group operates in different markets in a competitive environment with a wide range of public and private peers offering different types of care services for the elderly: home care, long-term care nursing homes, assisted living facilities, physical therapy and rehabilitation clinics, etc.

This variety enables residents, patients or their families to choose the most appropriate solution based on their circumstance as well as on factors like location, price, quality, etc.

Korian's facilities and solutions could prove less attractive than those offered by its competitors. This could affect business activity in the Group's facilities as well as its results.

Policies in place

One of the Group's priorities is to ensure its facilities remain attractive by offering its residents and patients a range of varied and high-quality care services. The level of quality is verified in 360° quality audits in each of the facilities and through "mystery client" checks.

The Group also works closely with local prescribing physicians with whom it maintains ongoing and close relations.

Moreover, the Group conducts regular analyses to ensure that its services are in line with the expectations of residents, patients and their families.

The Group has also begun to diversify its activities so as to offer a wider range of services, for instance by investing in *Ages & Vie* (shared housing for seniors) and *Petits-Fils* (home care services).

2.2 Strategic risks

2.2.1 Business development and external growth

Description of the risk	Policies in place
<p>The Group has broadened its range of services and diversified its business profile and geographic profile, while continuing to reinforce its positions in its core fields of expertise through external growth. The Group is exposed to the risk of potential takeover targets becoming more scarce and more expensive on account of sector consolidation.</p> <p>The Group might struggle to integrate any newly acquired businesses or it might fail to develop them as planned.</p> <p>Such difficulties could impact the Group's performance.</p>	<p>The teams dedicated to the Group's development are notably responsible for constantly monitoring market developments, thereby enabling the Group to position itself on the best opportunities. In addition, the Group's strategy of broadening its offering and diversifying into different regions increases its scope for growth opportunities.</p> <p>The Group has significant experience in developing and integrating newly acquired businesses, which has enabled it to develop a systematic approach and set up an integration process driven by dedicated multi-disciplinary teams to roll out the Group's standards and systems.</p>

2.2.2 Digital transformation ❄

Description of the risk	Policies in place
<p>The Group places a great deal of emphasis on its capacity to develop digital solutions that will help it to enhance the client experience, improve ergonomics and quality of care, but also manage the recruitment and career management of its staff members, for example. Digital transformation is necessary as it will enable the Group to continue providing quality services, make its facilities more attractive and allow it to offer personalised care pathways to all those in its care (whether in its long-term care nursing homes, specialised clinics, assisted living facilities, shared housing or receiving its home care services).</p> <p>These digital solutions imply the transformation of professional and organisational practices in the Group's facilities as well as change management and significant investments. Any failure or delay in this transformation could have an adverse impact on the Group's results.</p>	<p>The Group has launched various projects to transform its operations and thus meet the current and future needs of its residents, patients and their families as well as those of its employees and other stakeholders.</p> <p>To achieve this, the Group can rely on the expertise provided by Korian Solutions, an internal digital agency launched in September 2018, and on the targeted acquisitions it is making in this field.</p> <p>Further information on Korian Solutions can be found in section 3.4.3 of this universal registration document.</p>

2.2.3 Property development and construction

Description of the risk	Policies in place
<p>The Group owns a certain number of its facilities, in accordance with its "asset smart" real estate strategy introduced in 2017 to selectively raise its asset ownership rate. It has achieved this either by purchasing buildings it operated or by building new facilities. In the latter case, the Group is therefore exposed to the risks surrounding the construction of newbuilds, such as building defects, delays in the delivery of construction projects and non-compliance with the latest regulations on building energy performance, for example.</p> <p>These risks may delay the start of operations or incur additional costs, which could impact the Group's business and results.</p>	<p>To protect itself against these risks, the Group has set up dedicated internal teams to focus on coordinating architects and project managers, handling the procedures for obtaining building permits and monitoring the progress of works.</p>

2.3 Legal, ethical and regulatory risks

2.3.1 Regulations and rates

Description of the risk	Policies in place
<p>The Group's operations are subject to strict laws and regulations in each of the countries in which the Group operates. In most of these countries, a licence must be obtained to open a medical-social or health facility, which is generally granted or renewed on the basis of procedures conducted by the supervisory authorities to assess and control the quality of the services provided, in accordance with the laws in force in each country.</p> <p>Meanwhile, rates applied in the Group's facilities are generally regulated and include a portion paid by the residents or patients themselves, and a portion for treatment and care that is financed directly or indirectly by the public authorities.</p> <p>Consequently, any regulatory changes could potentially impact the Group's business.</p>	<p>In order to prevent against the repercussions of unfavourable changes to regulations or pricing or prepares itself, the Group conducts a regulatory watch in each country in which it operates; this enables it to anticipate any major changes while ensuring its activities remain in compliance with the law.</p> <p>In addition, the fact that the Group operates in several countries and markets and offers a variety of services enables it to limit the risk of regulatory changes and thus mitigate the Group-wide impact.</p> <p>Moreover, it should be noted that, with the exception of Germany, the health policies in place in the four countries in which the Group first started operating set limitations on obtaining new operating licences.</p>

2.3.2 Global warming and environmental damage ☒

Description of the risk	Policies in place
<p>The Group has 893 facilities across Europe, so it is essential to manage and control the energy and water they consume and the waste they generate.</p> <p>Non-compliance with applicable environmental regulations could result in substantial financial and administrative sanctions and be detrimental to the Company's reputation.</p> <p>In addition, certain major climate events may occasionally disrupt the operations of facilities and impact the quality of care provided to residents and/or patients.</p> <p>Such events could incur the Group's liability, affect its reputation and adversely impact on its business and results.</p>	<p>The Group implements resources, procedures and tools dedicated to monitor and steer centrally energy and water consumption as well as waste management in its facilities, the aim being to optimise them and reduce waste, while ensuring the well-being and comfort of the elderly people it cares for and its employees. Further information on Korian's environmental policy can be found in section 3.6 of this universal registration document.</p> <p>Although it is difficult to assess the climate risk faced by facilities due to the unpredictable nature, the facilities comply with applicable legal and regulatory obligations and have adopted a series of measures aimed at preventing such events and taking action if they do occur. The crisis management system and business continuity plans include solutions such as installing generators in the event of a power outage as well as measures to safeguard people, including transferring them to other facilities if necessary.</p> <p>To deal with heat waves, for example, Korian's facilities have installed thermal insulation solutions (air-conditioned rooms and/or portable air conditioners, blackout blinds, etc.), and the managers overseeing caregivers have also set up protocols and training courses on issues such as hydration and the prevention and treatment of dehydration, which focus on identifying and paying special attention to individuals at risk during such an event.</p> <p>In addition, in 2019 the Group carried out a full study of its carbon footprint which enabled it to define action plans aimed at reducing its carbon emissions.</p>

2.3.3 Business ethics ❖

Description of the risk

The Group employs 56,000 people spread over more than 850 facilities in 6 different countries, and it works with over 35,000 suppliers and partners. Moreover, some of the Group's employees interact with policymakers or public bodies. Despite the Group being vigilant, practices that are not consistent with its charters and policies, especially its Ethics Charter, its policy governing gifts and invitations and its responsible procurement policy, could damage the Group's reputation or even incur its liability if anti-corruption legislation is breached.

The Group is subject to Act No. 2016-1691 of 9 December 2016 on transparency, the prevention of corruption and the modernisation of the economy (the "Sapin 2 Act"), article 17 of which requires setting up a system to prevent and detect acts of bribery and influence peddling that may be committed within the Group. If the Group were to fail to comply with this provision, or if an act of corruption were to occur within the Group, legal proceedings could be brought against the Group's companies and they could receive financial sanctions.

Policies in place

The Korian group condemns all forms of corruption, be they active or passive, private or public.

Although such risks cannot be completely eradicated, the Group's commitment to tackling corruption and creating an ethical and responsible business environment has prompted it to draft the following documents and set up the following systems:

- a corruption risk-mapping in order to identify risk scenarios and introduce control mechanisms accordingly;
- an Ethics Charter laying the foundations for the values and behaviours expected from the Group's employees and stakeholders;
- a policy governing gifts and hospitality;
- a responsible procurement policy signed by the Group's suppliers;
- procedures to assess third parties;
- specific accounting procedures incorporated into the Group's internal control standards;
- a whistleblowing system via a secure external platform accessible by all staff members;
- the inclusion of corruption risks in internal audits;
- e-learning modules to raise awareness among employees of the Group's commitment to ethical behaviour.

2.4 Economic and financial risks

Given the nature of its activities and its development, the Group is exposed primarily to liquidity risk and either to variations in interest or inflation rates.

The Group has set up various sources of funding described in note 9 to the financial statements.

The Group's total net indebtedness amounted to €2,516.7 million at 31 December 2019 and its average debt maturity is four years.

2.4.1 Changing market conditions following the Coronavirus (Covid-19) pandemic

Description of the risk

Setting aside its public health repercussions, the Coronavirus (Covid-19) pandemic that has gradually spread across the planet is also having a major impact on many of the world's economies and on the ability of many companies to conduct their business, irrespective of whether the country in question is subject to a widespread lockdown or not and regardless of the conditions under which these lockdowns are being lifted. It is therefore difficult to gauge the full potential impact of the Coronavirus (Covid-19) pandemic.

For Korian, the Group's business depends on regulations governing the healthcare and medico-social sector and on associated third-party funding; so given the current Coronavirus crisis, and assuming it triggers a massive recession, the Group's business climate could be impacted although it is difficult to measure the full consequences as of the publication of this document.

In addition, business activity in facilities is decreasing because some of them have partly closed (especially day care centres in medico-social facilities and out-patient services in healthcare facilities) and new admissions are not authorised in the current health crisis. While not at all comparable to the current pandemic, previous epidemic outbreaks and heatwaves have shown that business activity in facilities may decrease for periods of about 18 to 24 months.

In the medium and long term, this Coronavirus (Covid-19) pandemic could result in changes to healthcare standards and procedures aimed at preventing similar epidemic or pandemic outbreaks. The pandemic may also affect expectations among the public and potential residents of elderly care facilities, which could change the way the dependency care sector is structured.

More information is available in section 5.7 of this universal registration document.

Policies in place

As described in section 2.1.1 of this universal registration document, we are closely monitoring developments regarding the Coronavirus (Covid-19) crisis.

With respect to a potential reduction in public funding, the Group provides essential services and considers that its activities are relevant and complementary in each of the countries in which it operates.

2.4.2 Liquidity risk

Description of the risk

The Group has the backing of its banking partners and has diversified its sources of funding, but it remains exposed to market conditions and to the market's assessment of its credit quality whenever it needs to raise funds.

The situation on the financial markets today shows that a company's access to liquidity can be affected by factors that have nothing to do with the financial strength of the company itself.

Policies in place

The Group centralises its cash management via a centralised cash pooling system that allows for optimal use of its resources. Fund raising with banks or on the financial markets is also centralised, the aim being to plan for future funding requirements, diversify sources of funding and optimise funding costs. Korian may occasionally authorise its subsidiaries to obtain financing from outside the Group, in particular for real estate projects.

The Group anticipates its cash requirements whether for its operations or for its growth, thanks to its available cash and its access to the short-term (€300 million Neu CP programme) and long-term credit markets. The Group also benefits from a revolving credit facility as part of its syndicated loan agreement, which remains undrawn at the date of this report.

The Group's indebtedness at 31 December 2019 is described in note 9.2 to the financial statements.

2.4.3 Interest rate risk

Description of the risk

The Group partly funds its growth and investments, including its real estate projects, by issuing bonds. It is therefore exposed to eurozone interest rate risk, impacting on the variable portion of its current debt and on its future refinancing and fund-raising arrangements.

At 31 December 2019, most of the Group's debt was at variable interest rates so a rise in interest rates could increase the Group's financial expenses and have an adverse impact on its profitability.

Policies in place

Korian has a policy of actively monitoring and managing the risk of interest rate fluctuations based on its projected net debt position after factoring in the execution of its business plan. The Group also has financial instruments to hedge against this risk. It uses standard derivative instruments (interest rate swaps, swaptions, caps and floors) for this purpose.

The average maturity of its hedges is four and a half years, and its hedging structure is degressive over time.

As its bank and bond financing arrangements evolve, the Group adapts its hedging structure to keep it aligned with its debt profile, in accordance with the Group's prudent financial management policy.

The Group's interest rate exposure is described in note 9.1 to the financial statements.

2.4.4 Building rental expenses

Description of the risk

The Group operates 893 facilities in several European countries and rents most of its premises. Its cumulative lease liabilities recognised in the statement of financial position at 31 December 2019 totalled €3.6 billion. The Group is therefore exposed to the risk of an increase in its rental expenses, which would be detrimental to its profitability. The Group's rental expenses might rise if a lease has to be renewed or because of the rent indexation clause in its lease contracts.

In each of the countries in which the Group operates, rents are indexed to indices specific to the country and linked either to the rate of inflation, consumer prices or a specific business sector (e.g. the rent increase benchmark rate for long-term care nursing homes). A sharp rise in these indices could affect the Group's profitability if they become decorrelated with the Group's ability to pass this increase on to its prices.

Policies in place

The Group has set up a Real Estate Department with expertise in lease management mechanisms in order to manage the risks relating to its building leases.

Rental expenses increase only moderately as indices rise on account of the underlyings of these indices. In addition, these increases sometimes apply only after a certain threshold is reached (e.g. in Germany) or they may apply only to part of the rise in the index. Moreover, the real estate management policy is aimed at minimising the number of leases indexed to the more volatile indices such as the construction cost index (ICC), which corresponded to about 16% of the Group's facilities in France at the end of 2019.

In order to manage the risk of rents increasing during lease renewals, the Group has introduced active lease management procedures in each country based on a precise analysis of each lease and notably the occupancy cost ratio, the expiry date and any renewal clauses.

Over 80% of leases in Germany and Belgium expire after more than five years, and most leases have a renewal clause based on the last indexed rent.

In France, besides the rent control mechanisms applicable to over half of the Group's leases, the Real Estate Department has developed a systematic lease renegotiation policy, bearing in mind that many of its leases are contracted with institutional landlords with whom the Group has established lasting relations based on mutual trust.

In Italy, most of the Group's leases offer the possibility of renewal on the same terms. The Group also takes an active and forward-looking approach to managing its leases.

Last of all, the Group raised its full ownership rate of its facilities further from 19% in 2018 to 22% at the end of 2019.

2.5 Internal control and risk management

The Group drafted and implemented its internal control and risk management procedure based on the recommendations set out in the AMF's reference framework (entitled "Reference Framework on risk management measures and internal control" – the "Reference Framework").

2.5.1 Definition and objectives of internal control

Internal control refers to all processes in place within the Group that help it to manage its business activities rigorously and efficiently and to control its risks.

More specifically, the purpose of internal control is to:

- ensure compliance with laws, regulations and the Group's values;
- ensure accounting and financial information is reliable and accurate;
- protect the Group's assets and reputation;
- ensure goals are reached;
- prevent and detect fraud and irregularities.

The internal control system aims to provide reasonable assurance, though not an absolute guarantee, that these objectives are met.

2.5.2 Internal control environment

Internal control is based on a centralised structure with a policy of delegating powers and responsibilities to the Group's operational and functional departments. In particular, the Group ensures that:

- its strategy and operational goals are clearly communicated;
- optimal guidance is provided to assist individuals in their work, particularly by spreading best practices;
- its employees have the skills and resources they need to perform their work. To this end, the Human Resources Department in each country in which the Group operates has assessment, periodic monitoring and training procedures in place;
- processes are monitored.

2.5.3 Scope of internal control

The internal control system is applied to Korian and to all companies within its scope of consolidation.

Monitoring systems are in place for the purposes of operational control. These systems are described in detail in the section below on internal control systems.

2.5.4 Participants in internal control and risk management

The internal control process is implemented by the Board of Directors, the Group's General Management, the General Managements of the countries in which the Group operates, its operational and functional divisions and departments, and its employees.

The main participants responsible for supervising the internal control system are listed below.

2.5.4.1 Board of Directors and Audit Committee

On behalf of the Board of Directors, the Audit Committee oversees the effectiveness of the internal control and risk management systems and reports back to the Board.

Its responsibilities are defined in the Board's of Directors' internal regulations and described in section 4.1.3.3 of this universal registration document.

2.5.4.2 Group Chief Executive Officer

The Group's Chief Executive Officer establishes the guidelines for the internal control system and ensures that it is implemented, particularly with the help of the internal committees she has set up and the General Managements of the countries in which the Group operates.

2.5.4.3 Risk, Ethics and Compliance Committee

The Risk, Ethics and Compliance Committee is responsible for monitoring risks, ethics and compliance, and is chaired by the Group's Chief Executive Officer. This committee meets every two months and is responsible primarily for reviewing and monitoring:

- the Group's main risks and the process for updating its risk map;
- the Group's main legal disputes, which are consolidated for all countries by the Group's functional departments;

- the results of internal audits;
- implementation of compliance plans (primarily with respect to corruption and the GDPR) and preparation for any major legislative amendments;
- warnings issued via the Group's internal whistleblowing system.

2.5.4.4 Group Quality and Safety Committee

This committee is responsible for monitoring application of Korian's standards and supervising preventive measures in the areas of safety and security. The committee is chaired by the Group Chief Medical, Ethics and Quality Officer and meets every two months to review and monitor:

- all assessments, be they internal (360° quality audits) or external (certification, external controls, etc.);
- prevention and safety procedures applied to the provision of care, building safety (fire safety, maintenance of water systems), food safety and safety in the workplace;
- prevention and security procedures (malicious acts, violence and/or abuse).

Decisions taken by this committee are reported back to the Risk, Ethics and Compliance Committee.

2.5.4.5 Group Finance Department

The Group Finance Department is notably responsible for the quality and accuracy of the accounting and financial information produced by the Company and its subsidiaries. The units within this Department are specialised by business line so as to ensure more efficient output:

- in each country, separate teams are responsible for the facilities' accounting and management control;
- at Group level, the units comprise, in particular, the Treasury and Financing Department and the Financial Control Department, which includes the consolidation teams.

2.5.4.6 Corporate Secretariat

The Corporate Secretariat includes:

- **the Group Legal Department** which relies on the legal departments in each country and is tasked with safeguarding the Group's interests and ensuring the security of its operations by providing support, advice and expertise;
- **the Group Insurance Department** which is tasked with ensuring that the Group's risks are adequately insured;
- **the Board of Directors' Secretariat** which transfers relevant information to the Board of Directors and its committees.

2.5.4.7 Group Tax Department

The Group Tax Department follows any changes to applicable tax regulations and monitors the Group's tax risks, with the help of local tax departments where necessary.

2.5.4.8 Group Internal Audit and Control Department

The Group Internal Audit and Control Department is responsible mainly for the following:

- **internal audits:** implementing the audit plan approved by the Audit Committee by performing internal audit assignments and drafting recommendations aimed at improving risk management, compliance with internal control procedures, overall compliance and overall performance;
- **internal controls:** drafting and updating internal control standards, and organising the self-assessment campaign carried out within the Group;
- **risk management:** coordinating the Group's risk mapping exercise, which includes recording and assessing major risks and associated action plans;
- **corporate compliance:** coordinating and supervising compliance programmes (anti-corruption, vigilance law, data protection);
- **integration:** monitoring and coordinating the integration of newly acquired businesses.

The Internal Audit and Control Department reports to the Group Finance Department and regularly presents the results of its work to the General Management, the Risk, Ethics and Compliance Committee and the Audit Committee.

2.5.4.9 General Managements in the countries in which the Group operates

Assisted by their local Finance Departments, they are responsible for applying the Group's procedures, supervising financial performance and approving the financial statements within their respective subsidiaries.

2.5.4.10 Finance Departments in the countries in which the Group operates

The Finance Departments in the countries in which the Group operates are responsible for verifying accounting and management data as per the Group's instructions, and for preparing the statutory financial statements.

2.5.4.11 Group Medical, Ethics and Quality Department and Quality Departments in the countries in which the Group operates

These departments are important players in the internal operational control process. They are very closely involved in the risk management policy and quality assurance process applied in the Group's facilities.

They are governed by the Medical, Ethics and Service Quality Department, and their duties consist primarily of:

- helping to define and improve the quality assurance process across Europe;
- ensuring a quality-driven policy is applied;
- providing assistance to the operational departments in implementing and monitoring their quality assurance processes and risk management systems;
- ensuring regulatory watch and keeping relevant documentation in the areas of quality and risk management, as well as monitoring any changes to certification and assessment procedures;
- assisting with the development of training aids, procedural monitoring, information gathering, assessments and performance indicators, as well as procedures and protocols;
- performing controls, performing reviews, analysing risks and performance, implementing action plans and monitoring implementation of the Group's policies.

2.5.4.12 Security and Crisis Management Department

The Security and Crisis Management Department reports to the Group Chief Medical, Ethics and Quality Officer and coordinates the assignments and procedures involved in the prevention of security incidents on behalf of the Group. It works with the operational departments to monitor and analyse any adverse events and to introduce measures aimed at preventing and tackling malicious acts within the Group's facilities.

The Security and Crisis Management Department participates in the Group Risk, Ethics and Compliance Committee and the Group Quality and Safety Committee where it presents regular updates on adverse events as well as any measures taken or planned to reinforce the Group's security and incident management procedures.

2.5.4.13 Regulatory Departments in the countries in which the Group operates

These departments ensure that facilities comply with their regulatory obligations, in particular by providing assistance in their relations with the supervisory authorities and by monitoring compliance with the contractual objectives defined with these authorities.

2.5.4.14 Information Systems Departments in the countries in which the Group operates

Each country in which the Group operates has an Information Systems Department with the aim of safeguarding and, insofar as possible, preventing any management system from malfunctioning, thereby ensuring business continuity. The work of these departments is coordinated at Group level.

2.5.5 Risk identification and management

The map of the Group's main risks is updated each year using a hybrid approach that is both bottom-up (to incorporate the perspective of operational staff members) and top-down (representing the point of view of the Group's General Management and functional departments). The risk mapping exercise includes an assessment of the criticality of each major risk in terms of its impact and probability of occurrence, while also factoring in the risk management mechanisms in place. This risk map is then presented to the Audit Committee.

The next step is to transpose the risk map to each business unit, and specific action plans aimed at improving risk management are defined and monitored.

2.5.6 Internal control systems for accounting and financial information

The Group is organised in such a way as to increase the speed and reliability of its procedures for producing financial information.

2.5.6.1 The Book of Rules

The Book of Rules is a document prepared for members of top management and includes all the key rules and principles that apply within the Group.

2.5.6.2 The internal control framework

The Internal Audit and Control Department deploys and maintains a common internal control framework for the entire Group. This framework covers the main processes involved in preparing accounting and financial information but also in preventing fraud and corruption.

An annual self-assessment campaign on the key internal controls described in this framework is carried out each year in the functional departments of each country in which the Group operates. The feedback obtained is used to assess whether internal control procedures are adequate and effective within each subsidiary and, if necessary, to define action plans that ought to be implemented.

2.5.6.3 Monitoring and controlling operational management

The operational management control unit reports to the Finance Department of each country. Its role is to monitor the operational performances of facilities and support functions relative to the targets assigned to them.

Budgeting process

Each year, a budget is adopted for each facility and each functional department on the basis of guidelines issued by the General Managements and Finance Departments of each country. These budgets are prepared on the basis of a general outline common to all facilities and produced by the operational management control unit, which reviews and then consolidates the budgets for each country.

This work is then reviewed and consolidated at Group level by the Group Financial Control Department.

The budgeting process also includes an update during the year with the production of three forecasts based on the financial information generated, thereby making financial forecasts more reliable.

Reporting

Each month, the operational management control unit produces a report that is sent to the Facility Directors, Regional Directors and Operations Departments of each country, as well as to the General Managements of each country.

This report monitors key financial indicators such as revenue, occupancy rates, average accommodation rates, major expenditure items (particularly wages and salaries), trade receivables, cash flows and investments. Deviations from the budget or forecasts, and changes from the previous period, are identified, analysed and explained. This report is then presented to the Group's General Management by the General Managements, Finance Departments and main functional departments of each country at a formal meeting called the Business Review.

At the same time, the Group Financial Control Department produces a consolidated monthly report based on each country's management control information input into the Group's information system. This report is also presented to the Group's General Management each month, and corrective measures are taken if necessary.

2.5.6.4 Preparation and control of financial information

The Group publishes half-yearly financial statements at 30 June (consolidated) and annual financial statements at 31 December (individual and consolidated), as well as quarterly revenue figures.

The preparation of consolidated financial information is overseen by the Group Financial Control Department, which reports to the Group Finance Department and is tasked with the following duties:

- circulating the Group's accounting and financial principles in the form of a manual, the "Korian Reporting and Accounting Manual";
- preparing precise instructions, including a detailed schedule, which are forwarded by the Group Financial Control Department to the subsidiaries before each consolidation exercise;
- sub-group consolidation;
- using a single information system deployed in all the Group's subsidiaries.

In addition, the consolidated subsidiaries prepare a letter of representation addressed to the statutory auditors in which the Managements of the consolidated subsidiaries confirm the accuracy and completeness of the financial information submitted for the purposes of the consolidation exercise.

2.5.6.5 Debt and cash management

Debt and cash management are supervised at Group level. The Chief Executive Officer submits a funding strategy to the Audit Committee and the Board of Directors. New credit facilities may require the prior authorisation of the Board of Directors, depending on the governance rules applicable.

The Company's available cash, whether from these credit facilities or from the generation of positive cash flows, can be made available to its subsidiaries through current account or inter-company loan agreements, in particular to finance subsidiaries' growth operations. Nevertheless, foreign subsidiaries may occasionally take out local bilateral loans, subject to the prior approval of the Group Finance Department and/or the Board of Directors, depending on the governance rules applicable.

In addition, the Group has set up a centralised system for managing means of payment in the administrative head offices of each country in which the Group operates. This therefore keeps payments made by operational sites to a minimum.

Lastly, the Group has a daily cash pool arrangement with its main banks. The consolidated monthly cash positions of each country are supervised by the Group Finance Department.

2.5.6.6 Internal control procedures associated with growth operations and commitments

All investment and divestment decisions are subject to the approval of an internal committee, either the International and Strategic M&A Committee for any investments in a new country or above a certain threshold, or the Group Investment and Commitment Committee. The permanent members of these

committees are the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Real Estate Officer, the Group Development Officer, the Group M&A Officer and the Corporate Secretariat.

Furthermore, the Investment Committee, a specialised committee of the Board of Directors, is responsible for reviewing and issuing an opinion, prior to the Board of Directors' decision, on all significant investment and divestment transactions, as described in greater detail in section 4.1.3.3.3 of this universal registration document.

2.5.6.7 Internal control of information systems

An efficient IT organisation is essential to guarantee that all accounting and financial information published is relevant and reliable. The Group thus implements and maintains mechanisms that safeguard its information systems.

Existing applications are regularly adapted or may be changed altogether to remain consistent with the Group's requirements. Such changes ensure that information flows are better managed and more secure.

2.5.7 Operational risk management and internal control systems

2.5.7.1 "Governance" applied to operational risk management

To coordinate its Medical, Ethics and Quality policies, the Group has a Medical, Ethics and Quality Department whose duties include establishing an official quality and operational risk management policy and defining guidelines for the Group-wide medical policy, in compliance with ethical principles and standards and with the regulations in the countries in which the Group operates. This Department is also tasked with supervising the quality assurance process set up in each country, ensuring that practices are standardised, and managing and centralising the results of external or internal quality audits conducted in each of the Group's facilities.

Supervision is carried out primarily by the following committees, chaired by the Group Chief Medical, Ethics and Service Quality Officer:

- a Group Quality Committee comprised of the quality managers of each country and a Group Medical Committee made up of medical representatives, both of which were set up in 2017. These committees meet each quarter to assess how well the Medical, Ethics and Quality policies are being applied, to share best practices and thus to improve procedures Group-wide and in each country;

- a Group Quality and Safety Committee responsible for ensuring that Korian's standards are applied and for monitoring its preventive measures in the areas of safety and security.

In addition to these committees, the Group Quality Department oversees all the national quality managers in each of the Group's six countries, particularly through monthly updates to review performance and manage ongoing projects.

2.5.7.2 Serious Adverse Events (SAE) procedures

In accordance with the health regulations applicable in the countries in which it operates, the Group defines a Serious Adverse Event as being any internal or external event that might threaten a facility's service continuity or be detrimental to the quality of care provided to its residents or patients or to the safety of its employees.

In each country in which the Group operates, all serious adverse events are to be reported by the Facility Director to their supervisor, with whom they will decide on which level to handle the event. The SAE procedure includes various classification levels: SAEs involving personal health, SAEs involving safety, SAEs involving the operation of facilities and SAEs that pose a threat to the public and/or the Company's media image. Depending on the seriousness of the event and the level at which it is to be handled, a local, regional, national or Group-wide crisis unit may be set up in accordance with the crisis management procedure.

The SAE procedure is a process for handling incidents but also for improving risk prevention because each adverse event report is added to a database used to establish possible corrective measures. In addition, SAEs are consolidated and classified weekly at Group level on the basis of 14 criteria common to all countries.

This process is also defined in conjunction with the various supervisory authorities in order to ensure that the appropriate information is submitted (a description of the event itself and of the precautionary measures in place and/or planned), in accordance with applicable regulations.

2.5.7.3 Ethics of care, prevention and management of sector-specific risks

The Group has pursued efforts to make its ethics approach more coherent, to improve its identification and prevention of all levels of risk inherent in its activities, and to enhance the overall quality of its practices and the services it provides to those in its care (residents and patients).

The Group's Positive Care policy focuses on individual needs and expectations and aims to provide care to residents and patients in conditions of optimal quality and safety. This approach is key to improving our processes and resolving any potential issues.

The policy is part of the Group's drive to always show proper care and respect and thus improve risk control upstream through preventive action. The policy is monitored by a specialised committee of the Board of Directors, the Ethics, Quality and CSR Committee. A whole variety of training programmes, designed by a dedicated department, is available to ensure the Group's ethical principles are applied on a day-to-day basis.

2.5.7.4 Quality Assurance Process

The Quality Assurance Process is established across Europe by the Medical, Ethics and Quality Department in cooperation with the quality departments in each country, which ensure that the Group's quality policy and risk management policy are implemented and followed, while factoring in any specific features of local regulations.

The Quality Assurance Process involves producing and deploying a set of rules, policies, procedures and good practices which are compiled together in quality manuals accessible by each of the Group's facilities. In addition, quality audits are performed by qualified and independent internal and external teams in each of the countries in which the Group operates in order to ensure that the process is applied properly.

Meanwhile, prevention programmes are also drawn up to deal with the main issues, such as the prevention of epidemics, the use of medication, the safety of residents and patients, the risk of infection, abusive behaviour and personal data protection. These programmes are promoted and organised in ways specific to each facility.

There are plans to reinforce the Quality Assurance Process by getting it ISO 9001-certified for the whole Group, which began preparing a common Europe-wide standard in 2019.

2.5.8 Insurance and risk coverage

2.5.8.1 Coverage of operational risks

The Group's policy is to align its coverage limits with the replacement value of its insured property or, in the case of liability coverage, with an estimation of Group-specific risks and of reasonably foreseeable sector-specific risks.

The Group has taken out insurance policies, in each of the countries in which it operates, covering its civil liability, the risk of property damage and, where applicable, the risk of business interruption and the risks relating to its vehicle fleet within the limits of the excesses and thresholds defined in its policies.

The Group has set up a joint insurance programme for the countries in which it operates, the aim being to optimise its level of cover and policy limits; France, Germany and Spain have adhered to the programme so far.

The Group's other countries, which have their own local insurance programmes, will gradually be incorporated over the coming years.

For the construction projects it carries out as project owner, the Group takes out policies covering structural damage, its liability as a property developer and comprehensive worksite liability.

In addition, the first four countries in which the Group began operating (France, Germany, Belgium and Italy) have all taken out cybercrime insurance covering any incidents and malicious acts affecting Korian's information system as well as any breaches of confidentiality relating to personal data. The countries into which the Group has moved more recently will also take out such insurance gradually over the coming years.

2.5.8.2 Directors and officers liability insurance

The Company has taken out insurance to cover the civil liability and criminal defence of its directors and officers arising from personal breaches of duty committed in the course of their work for the Group. This insurance covers company officers, de facto managers and any individuals sued on the grounds of a professional breach of duty committed in the course of administration, management or supervisory activities carried out with or without a formal mandate or delegation of power.

In an effort to streamline the number of insurance policies it takes out, the Group's new insurance policy also includes crisis management, which used to be covered in a separate policy.

Moreover, the Group's insurance cover has also been extended to include Group-specific situations.



Social, societal and environmental responsibility

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This chapter reports on the social, societal and environmental policies implemented.

In addition to the principle non-financial challenges and risks identified and the policies implemented to address them, it also sets forth the Group's main commitments for 2023 as part of the corporate project "In Caring Hands".

The extra-financial performance report meets the regulatory requirements (articles L. 225-102-1 and R. 225-105 II of the French Commercial Code) governing the publication of extra-financial information on social, environmental and societal.

In 2019, Korian signed on to the United Nations Global Compact and, in this framework, it will present its advances and accomplishments through an annual report in 2020. Korian is also actively committed to 15 of the 17 United Nations Sustainable Development Goals.

A cross-reference table is given in chapter 8 of this document.

A WORD FROM RÉMI BOYER GROUP CHIEF HUMAN RESOURCES AND CSR OFFICER



“The depth of our shared commitment encourages us to make a positive contribution to the longevity Society”

Our mission is *“To be, in each of the 600 living areas where we operate, a long-term trusted partner for fragile persons and their families and to enhance their peace of mind and quality of life on a daily basis, regardless of their state of health”*.

This vision underpins our sustainable growth model, whose top priority is to invest in the Group's employees, in the quality of care, and in our facilities. Our mission also confers on us specific responsibilities vis-à-vis various stakeholders in each of the countries where we operate. This duty to society and our staff is reflected in our values and forms the basis of our CSR commitment. It is also the core tenet of our corporate project, “In Caring Hands”, presented in 2019.

As a socially responsible company, Korian wishes to make, at its level and with all its stakeholders, a positive contribution to two major challenges: supporting demographic change and building a sustainable development model that creates value in line with the Sustainable Development Goals (SDGs) defined by the United Nations.

For Korian, 2019 was a year of transformation and a year of renewed CSR commitments, in keeping with the Group's strategy, thanks to the involvement of our employees and the relationships we have forged over the years with all our stakeholders.

The meaningfulness of the commitment we all nurture and share encourages us to build a united European group that provides care and support to the elderly and fragile by working toward 15 medium-term objectives that embody the five main pillars of its social, societal and environmental responsibility, on which we will report each year.

I would like to thank all the employees of Korian who, through their many initiatives, make a positive contribution to the longevity community which we serve with passion and benevolence every day.

Rémi Boyer

Group Chief Human Resources and CSR Officer

3.1 Deploying a CSR strategy that advances the Group's social mission

3.1.1 The meaning of Korian's CSR commitment

A model that creates shared value

At Korian, corporate social responsibility (CSR) lies at the heart of the corporate mission: *"To be, in each of the 600 communities where we operate, a long-term trusted partner for fragile persons and their families and to enhance their peace of mind and quality of life on a daily basis, regardless of their state of health."*

In recognition of the challenges posed by extreme old age and its corollaries - chronic diseases and the need for long-term assistance - and to fulfil its mission, Korian focuses on a balanced growth model founded on shared contributions.

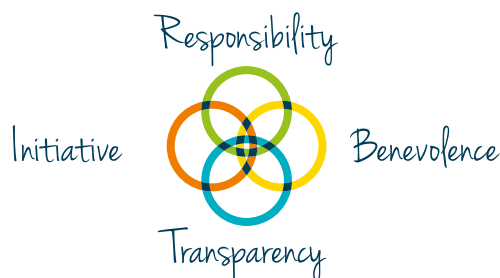
This model relies, first and foremost, on Korian's employees, who demonstrate their unfailing commitment to the most fragile people on a daily basis. It also relies on the support of shareholders who give Korian the means to invest and to grow, and on its public, non-profit and private partners, suppliers and investors who have assisted the Group on the ground for years, without whom nothing would be possible.

Working for an open, inclusive company is a major factor in attaining balanced growth. Every Korian facility in Europe contributes to these inclusion projects each day by being an active part of the social and economic fabric of their regions.

This alignment of interests with all its stakeholders, made possible by authentic connections rooted in proximity and long-term trust, is a key success factor which enables Korian to shine in its market: as an employer to improve employee recruitment and retention and as a trusted partner to ensure an irreproachable quality of service for its residents and patients and to carry on with its transformation and growth.

This approach is incorporated in the business model presented in chapter 1 of this document.

The four Company values that embody the Korian Spirit



Korian's CSR strategy stems above all from the Company's values of benevolence, responsibility, initiative, and transparency. These four noble values were defined by the employees themselves in 2014 when Korian and Medica merged. Since then, they have been disseminated and shared within the Group and are brought to life each day by teams who are proud of their work and deeply committed (90% and 75% respectively, according to the 2019 *Kommunity* survey administered by IPSOS to employees in all Group countries and described in section 3.3.3 of this chapter).

Benevolence

Ensure that consideration for others is a pillar of our business

Responsibility

Together, guarantee that our residents and our patients can age well

Initiative

At the individual level, develop our capacity to take action

Transparency

Instil trust by being clear and truthful

These closely interlinked values are built on a spirit of benevolence, the foundation of all the Group's actions. The spirit of responsibility is reflected in the Group's determination to do everything it takes to ensure its residents and patients age well. The ability to build trusting relationships with all our partners, residents and patients reflects our insistence on transparency. Finally, all our teams are driven by a strong spirit of initiative, which goes hand in hand with continuous improvements in practices. These values are transposed into principles of action and managerial behaviours and are manifested in our quality and risk management approaches. They are the bedrock of the Korian culture and the Korian spirit.

3.1.2 A CSR strategy built into the business plan



"The "In Caring Hands" corporate project is rooted in these values and has been embraced enthusiastically throughout the networks.

"In Caring Hands" is what motivates us each day to continuously boost quality and diligence and to innovate even more to serve the men and women entrusted to our care by their family members and loved ones. It is a bond of trust nurtured by mutual commitments: between Korian and caregivers, between Korian and its care recipients, as well as between Korian and its employees and between Korian and its stakeholders - without which it would be impossible to build and transform.

*Driven by a single vision: **in the spirit of excellence and innovation, with "In Caring Hands"**, Korian has become the European expert in caring for elderly and fragile persons, with a diversified range and solutions adapted to all the needs found in each of our living areas.*

Korian's corporate project "In Caring Hands" was launched in September 2019 at the European level with the aim of making the Group the trusted partner of care recipients and caregivers.

Korian is a profoundly human group, a community of endearing, deeply committed men and women who provide assistance and care each day, who give a lot, but also get a lot from the people they look after. This engagement is a strength that lives in each of us, in every country, alongside those for whom we provide care."

Korian's CSR strategy is expressed through five strategic and operational pillars which are integrated in the main components of the "In Caring Hands" corporate project:

1. Promoting a humanist view of caring for fragile persons, founded on prevention and freedom of choice for the persons cared for and full inclusion of their relatives.

2. Taking care of those who take care, by improving quality at work.
3. Making a positive contribution to the longevity Society.
4. Being a committed local partner in the territories, living areas and local communities.
5. Reducing the carbon footprint of our activities by effectively and responsibly managing our real estate assets and construction techniques and by preventing the waste of resources.

These five components are interpreted as a holistic, integrated manifestation of Korian's desire to contribute positively to society everywhere the Company operates and to meet the legitimate needs of our numerous stakeholders.

Being responsive to stakeholders

Korian conducted its first materiality assessment in 2017, to identify the highest priority social, environmental, and societal issues and ensure that the CSR strategy would correspond to stakeholder expectations. Twenty external European stakeholders, including investors, non-profit organisations, community representatives, industry experts and professional federations, were interviewed to find out what they expected from Korian in terms of the 25 issues presented to them, grouped into six categories:

- ethics and quality of care, resident and patient satisfaction;
- employee commitment and well-being in the workplace;
- business ethics;
- environmental exemplarity;
- innovation and new growth models; and
- consideration of local issues.

This initial short-list was then discussed by 20 internal stakeholders from all departments (Finance, Marketing, HR, Quality, etc.) to ascertain which issues had the highest impact on Korian's activities. This extensive internal and external consultation, combined with risk mapping and prospective analysis of market issues, enabled us to produce an initial materiality matrix, which is presented below.

This matrix was used to depict, in order of priority, the CSR issues that needed to be addressed through the Group's CSR strategy and through the adoption of ethical, responsible practices.

MATERIALITY MATRIX



ONGOING CHALLENGES



This initial effort to identify and prioritise stakeholder needs was supplemented by the creation of several bodies and the strengthening of CSR governance at the Group level:

- establishment of a Korian Stakeholders Council in France in September 2019;
- creation of the German Foundation in February 2020 akin to the Korian Foundation for Ageing Well created in 2017; and
- creation of a network of CSR Officers in each Group country to monitor and steer the Group's CSR

commitments, to track the performance of non-financial indicators at the Group level, and to promote the sharing and harmonisation of best practices between countries.

To clarify its CSR actions and responsible initiatives vis-à-vis stakeholders, the Group has defined 15 ESG⁽¹⁾ commitments relating to the five CSR pillars, which are tracked through specific macro-indicators established from a 2019 benchmark, most of which have goals to be met by 2023.

15 ESG commitments to report on the five CSR pillars

The choice of these commitments, which translate Korian's strategy as regards social, societal environmental responsibility, is explained in detail throughout the chapters of this document.

1	ENSURING FREEDOM OF CHOICE FOR PATIENTS, RESIDENTS AND CAREGIVERS	Deploy Positive Care to 100% of facilities by 2023	100% of facilities ISO certified by 2023	One mediator per country and a Charter of Mutual Responsibilities in all facilities by 2023
2	TAKING CARE OF THOSE WHO TAKE CARE	Maintain and increase average tenure (currently six years)	8% of staff enrolled in qualifying training programmes by 2023	50% women in top management by 2023 (+10%)
3	MAKING A POSITIVE CONTRIBUTION TO THE LONGEVITY SOCIETY	Devote 1% of Group net profit to funding philanthropic endeavours	A Stakeholders Council in every country by 2023	5 scientific publications per year
4	BEING A COMMITTED LOCAL PARTNER IN THE TERRITORIES	70% of purchases made in a Group country 20% more from SMEs	100% of sites engaged in a project for their community by 2023	A Social Life Council at each site by 2023
5	REDUCING OUR CARBON FOOTPRINT	3% drop in energy consumption by 2020	5% reduction in waste volume by 2023	100% of new buildings certified HQE or equivalent starting from 2020

← Long-term objective : 40% reduction in carbon emissions →

Challenges and risk management

As part of its risk management process, Korian also analysed its most significant risks to identify those which have a social, environmental or labour dimension and are likely to affect the Group, its activities, its performance, its stakeholders or the environment. The methodology employed to identify the risks, as well as descriptions of them and their corresponding management mechanisms, are described in chapter 2 of this document.

The table below summarises the primary CSR issues for Korian, as well as the associated risks identified through the Group risk assessment, and the key performance indicators (KPIs) selected for the non-financial performance report and audited by the independent third party, Mazars SAS.

The remainder of this chapter explains the strategy adopted by the Group to address its CSR challenges. It also describes the policies and actions put in place to manage the main extra-financial risks, but also to seize the shared opportunities for contribution with stakeholders that come along with these social, environmental, and societal issues. This chapter also contains details on the results of the policies and actions carried out, as well as the indicators with which we track the Group's social, environmental, and labour performance.

(1) Environment, Social, Governance.

Pillars of the CSR strategy	Priority risks/issues for Korian	Policies in place	2019 Key performance indicators (KPIs)
Ensuring freedom of choice for residents, patients and caregivers	<p>§2.1.1 Coronavirus pandemic (Covid-19) The novel Coronavirus is a major risk, owing to its virulence, dangerousness – especially for the elderly – and its unprecedented magnitude. The health context surrounding the pandemic is further exacerbated by the lack of any known cure or vaccination, the absence of an official screening policy and the overburdening of hospitals and emergency services.</p>	<p>§2.1.1 First, the epidemic vigilance plan, which was activated in October as in all years to prepare for seasonal epidemics, was strengthened in February 2020.</p> <p>§3.7.2 Implementing the Group's Vigilance Plan</p> <p>§5.7 Post-balance sheet events: Coronavirus pandemic (Covid-19)</p>	Post-balance sheet events
	<p>§2.1.2 Treatment and care Risks related to epidemics, infection-hygiene, medication error, individuals straying from a facility without staff knowledge, suicide and abuse</p>	<p>§3.2.2 Encouraging the power of choice through <i>Positive Care</i></p> <p>§3.4.2 Listening to residents, patients, and their families</p>	<p>Roll-out of <i>Positive Care</i>: 72% of the network</p> <p>Frequency of serious adverse events: 0.33 per 10,000 days spent in a facility</p>
	<p>§2.1.3 Reputation risk Claims by residents, patients and families</p>	<p>§3.2.1 Listening to residents, patients, and their families</p>	Resident/patient satisfaction rate: 96%
	<p>§2.1.6 Personal safety Risks in connection with the building safety, food safety, hot water (<i>Legionella</i>) and medical equipment and devices (medical device vigilance)</p>	<p>§3.2.3 Demanding quality at all levels</p>	<p>360° Quality Audits: 87% of facilities certified A or B</p> <p>Launch of ISO 9001 certification: 8% of facilities certified</p>
Taking care of those who take care	<p>§2.1.4 Human resources management Deterioration of working conditions and employee health and safety</p>	<p>§3.3.3 Ensuring employee well-being and quality of life at work</p>	Employee commitment level (Kommunity survey): 75%
	<p>§2.1.4 Human resources management Shortage of qualified medical labour</p>	<p>§3.3.1 Being the benchmark employer: recruit, train, and support</p>	Churn rate: 22.3%
	<p>§2.1.4 Human resources management Deterioration in labour relations</p>	<p>§3.3.2 Protecting the health and safety of employees</p> <p>§3.3.3 Ensuring employee well-being and quality of life at work</p> <p>§3.3.4 Committed to promoting diversity and inclusion</p>	<p>Frequency rate: 52</p> <p>Severity rate: 1.81</p> <p>Absenteeism rate: 8.3%</p> <p>European Works Council</p> <p>Employee commitment level (Kommunity survey): 75%</p> <p>82% of all staff are women</p> <p>46% of top managers are women</p>
Making a positive contribution to the longevity Society	<p>§2.1.7 Competitive environment Lack of differentiation and attractiveness in a business environment with a wide range of public and private competitors</p>	<p>§3.4.2 Supporting research and innovation for care practices</p>	<p>Number of participants at roundtables and seminars in 2019: 1,300 people</p> <p>Number of scientific studies (scientific articles and posters): 5</p>
	<p>§2.2.2 Digital transformation A failure or delay in the digital transformation could have a negative impact on the Group's results</p>	<p>§3.4.3 Embracing digital innovation</p>	Digital projects: 46% of Group IT projects
Being a committed local partner in the territories	<p>§2.3.3 Business ethics Unethical practices in business operations</p>	<p>§3.7.1 Acting with integrity, honesty, and transparency</p>	Deployment of the Ethics Charter to 100% of Group sites and systematic communication to new employees
	<p>Challenges associated with subcontractors and suppliers Mishandling along the sourcing chain (pollution, accidents, human rights abuse)</p>	<p>§3.5.3 Promoting local and inclusive purchases</p> <p>§3.6.2 Effectively reducing the Group's carbon footprint</p> <p>§3.7.1 Adopting ethical and responsible practices</p>	<p>Local purchases: 73% of all purchases</p> <p>Suppliers assessed by ECOVADIS: 221</p>
	<p>§2.1.5 Information systems, cybersecurity, and data protection Poor management of personal data</p>	<p>§3.7.1 Adopting ethical and responsible practices</p>	Prevention and training actions aimed at employees (communication campaigns, e-learning)
Reducing our carbon footprint	<p>§2.3.2 Global warming and damage caused to the environment Poor management of energy and water consumption and volume of waste generated at facilities</p>	<p>§3.6.2 Effectively reducing the Group's carbon footprint</p> <p>§3.6.3 Reducing and recycling waste</p>	<p>Energy consumption (electricity, natural gas, fuel oil): 8.7 MWh/bed</p> <p>Water consumption: 56.9 m³/bed</p> <p>Ratio of infectious chemical waste quantity per site: 1.29</p>
	<p>§2.3.2 Global warming and damage caused to the environment Occurrence of major climatic events (heat wave, etc.)</p>	<p>§3.6.4 Measures to protect residents from heat waves</p>	Number of sites participating in the air con plan: 195

3.1.3 Organised governance at all levels

To deploy its strategy to pursue sustainable development and make positive contributions to the longevity Society, the Korian group has established a **governance structure at all levels**. The Board of Directors expanded the scope of work of the Ethics and Quality Committee to include CSR; it is now known as the Ethics, Quality and CSR Committee.

Within the Group Management Board, the Group Chief Human Resources Officer is in charge of steering the CSR policy with the managers of the various business lines and the Group functional directors (Group Chief Financial

Officer, Group Chief Real Estate and Development Officer, Group Chief Medical, Ethics and Quality Officer, Group Chief Communication Officer, Group Purchasing Officer) to ensure that all levels of the Group are involved, along with the facilities that effectively maintain vital close ties with the various local stakeholders. Regular reports are given at the bimonthly meetings of the Group Management Board. The CSR commitments are included in the annual objectives of each business line; they are also transposed along the entire managerial line and in the long-term performance action plans assigned to the Top 100 managers.

PARTICIPATION IN THE UNITED NATIONS GLOBAL COMPACT

WE SUPPORT



"Since 2019, KORIAN has been committed to the social responsibility initiative spearheaded by the United Nations Global Compact and its 10 principles focusing on human rights and labour, environment and anti-corruption standards."

As such, the Group is contributing to the U.N.'s 17 sustainable development goals (SDGs). A cross-reference table linking the Group's 15 ESG commitments to the Global Compact and SDGs is presented below.

CONTRIBUTION TO THE U.N. SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Korian CSR pillars	Korian commitments	Sustainable Development Goals and Targets
1. Ensuring freedom of choice for residents, patients and caregivers	Roll-out of Positive Care to 100% of facilities	 3.4: Promote mental health and well-being  9.1: Implement quality, reliable, sustainable, and resilient infrastructure to support well-being, with a focus on affordable and equitable access for all  9.1: Implement a high-quality infrastructure that is reliable, sustainable, and resilient  9.1: Establishment of quality, reliable, sustainable, and resilient infrastructure to support well-being, with a focus on affordable and equitable access for all
	100% of facilities ISO certified by 2023	 17.17: Encourage and promote effective public-private and civil society partnerships
	One mediator per country and a chart of mutual responsibilities in all facilities by 2023	
2. Taking care of those who take care	Maintain and increase average tenure (currently six years)	 3.4: Promote health and well-being at work  8.8: Promote safe and secure working environments for all workers and ensure all workers are protected  11.2: Provide access to safe, affordable, accessible, and sustainable transport systems for all
	8% of staff enrolled in a qualifying training programme by 2023	 1: Reduce precarious employment  4.4 and 4.7: Promote learning and develop the skills of all
	50% of top managers are women by 2023 (+10%)	 5.1, 5.2, 5.5: Fight discrimination against women, eliminate all forms of violence against women  8: Promote a decent job for all
		 10: Reduce inequalities and facilitate mobility and migration
3. Making a positive contribution to the longevity Society	Devote 1% of Group net profit to funding philanthropic endeavours	 3.4: Promote mental health and well-being  17.17: Strengthen public-private partnerships
	A stakeholders council in every country by 2023	 8.3: Promote innovation and local entrepreneurship  9.2: Promote sustainable industrialization that benefits all
	5 scientific publications per year	 9.5: Bolster scientific research, as well as public and private innovation
4. Being a committed local partner in the territories	70% of purchases made in a Group country (20% increase in purchases from SMEs)	 8.3: Promote innovation and local entrepreneurship  11.3: Enhance inclusive and sustainable urbanisation and capacity for participatory planning and management  11.a: Support positive economic, social, and environmental links between urban, peri-urban and rural areas
	100% of sites engaged in a project for their community by 2023	
	A Social Life Council at every facility by 2023	 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels

(CONTINUED)

Korian CSR pillars	Korian commitments	Sustainable Development Goals and Targets
5. Reducing our carbon footprint	3% drop in energy consumption in 2020	 7.3: Improve energy efficiency  9.3 and 9.4: Use resources more rationally and employ environmentally friendly processes  11: Improve air quality  13.2: Integrate climate change measures in policies and strategies  15.1 and 15.5: Ensure the conservation, restoration, and sustainable use of ecosystems  17 and 17.19: Enhance policy coherence for sustainable development; take advantage of existing initiatives to establish sustainable development progress indicators
	5% reduction in waste volume by 2023	 12.3 and 12.5: Reduce food waste and all waste  17: Partnerships to meet goals
	100% of new buildings certified HQE or equivalent starting from 2020	 9: Quality, sustainable, and resilient infrastructure  10: Enhancement of sustainable urbanisation  11: Adaptation to climate change  11.7: Provide universal access to green and public spaces, especially for older persons and persons with disabilities  13.2: Integrate climate change in policies

ASSESSMENT OF NON-FINANCIAL PERFORMANCE



In 2019, Korian joined the Gaïa index and ranked 49th among the 86 publicly listed companies assessed within the category of businesses with turnover greater than €500 million, for its Environmental, Social and Governance (ESG) performance against the 153 criteria evaluated.

Gaïa Rating is the Ethifinance ESG rating agency which specialises in small- and intermediate-sized companies listed on European markets. The Gaïa index is compiled each year to identify the 70 best French securities in terms of SRI (socially responsible investment) based on their ESG criteria.

Moreover, each year international, non-financial rating agencies assess Korian's ESG performance compared to best practices in its industry.

KORIAN MANIFESTO

✓ COMMITMENT NO. 1

ENSURING FREEDOM OF CHOICE FOR RESIDENTS, PATIENTS AND CAREGIVERS

Deploy **Positive Care** to **100%** of facilities by 2023

100% of facilities **ISO certified** by 2023

One **mediator** per country and a Charter of **Mutual Responsibilities** in all facilities by 2023

2019

72%

8%

Launch in 2020

COMMITMENT NO. 1 TO OUR RESIDENTS AND PATIENTS

"Our foremost responsibility is to **enhance freedom of choice for all** and to **strengthen or maintain autonomy**; this is achieved through a care philosophy that begins with the person and their needs and respects their expectations – that is the essence of the *Positive Care* approach.

- It is also attained through the capacity to support care recipients and caregivers in choosing the care solution that is right for them.
- Freedom of choice for fragile persons and their families requires the progressive development within living areas of a diversified range of service and support solutions and the deployment throughout the network of a **Resident and Patient Care Charter** to ensure that all Korian teams have the know-how and have been trained to assist residents, patients and families.
- The autonomy of our residents and patients is supported by our **Positive Care approach** which emphasises the abilities and wishes of residents and patients and includes a wide array of non-drug therapies. Each of the Group's sites is receiving training on this approach, which was developed in France and Italy, with the goal of on-boarding 100% of sites by 2023.
- The promise of irreproachable quality in all our sites will be measured through the implementation of the ISO 9001 quality standard with the objective of **certifying 100% of sites by 2023**. Some 15% of sites will be certified at the first stage in mid-2021, then 50% of sites in 2022 and 100% of sites certified in 2023. The "360° quality" vision will be complemented by the integration of quality measures and initiatives aimed at residents/patients, families and employees in a joint approach that guarantees operational excellence."

3.2 Promoting a humanist view of caring for fragile persons

3.2.1 Listening to residents, patients, and their families

8 KORIAN commitments
for a successful customer experience

- ✓ Customised **assistance** from initial contact
- ✓ Friendly, suitable **living spaces**
- ✓ Personalised, quality **care**
- ✓ Healthy, tasty **cuisine**
- ✓ **Activities** and social interactions that are respectful of everyone
- ✓ A **home** with an outward focus
- ✓ **Services** that simplify and improve everyday life
- ✓ A committed **team** at your side

Korian regularly measures the satisfaction of residents, patients, and their families. By obtaining a better understanding of what is most important to them, facilities can determine priorities and meet their needs more effectively.

3.2.1.1 Results of the European resident/patient satisfaction survey

The Group regularly surveys its residents, patients, and their families in its countries of operation to assess how satisfied they are with its medico-social and healthcare network. The aim of these "SatisfaKtion" surveys is to conduct a strategic analysis in each country, understand how customer satisfaction can best be improved and determine the best practices that need to be deployed throughout the network. These surveys also make it possible to monitor and manage resident/patient satisfaction within each region and especially for each facility, while taking into account the resident/patient profile (strengths, weaknesses and other specific characteristics).

The surveys are conducted across the medico-social network twice a year, and all year round in health institutions, when the patient is discharged, as required by law. Residents, patients, and their families are asked about key

aspects of the support provided by Korian: care, listening and information, setting, bedroom, catering, activities, relationship with the staff, and so on.

In 2019, the overall customer satisfaction rate remained high compared to 2018, with 96% of residents at medico-social facilities and patients at post-acute and psychiatric care facilities reporting to be satisfied, very satisfied or extremely satisfied. The basis for the survey was 75,000 respondents (residents, patients, and families) in Europe (France, Germany, Belgium, Netherlands and Italy).

3.2.1.2 Engaging with families

The people closest to a person with an illness, especially a long-term or progressive condition, are often faced with difficulties and doubts, and are at risk of exhaustion and isolation. This is why Korian's psychologists and our entire staff are always available to families to chat and provide explanations. Furthermore, in the *Positive Care* spirit, trainings are being developed to help friends and family be better prepared and manage their own self-care.

For example, on World Alzheimer's Day, loved ones and healthcare professionals with whom the Group works frequently are invited to attend specialised seminars. We regularly hold "Caregiver cafés" so that the families of sick residents can benefit from a variety of services, including information, mutual assistance, counselling, and psychological support, provided by specialists. These opportunities for discussion are also open to the public. Since 2018, the Group has organised an annual Centenarian Celebration Day in all its countries of operation to propose numerous events and interactions with families to commemorate 100 years of life and memories. An Alzheimer Lab was developed in Italy to enable families and professionals to immerse themselves in the experience of an Alzheimer patient so they can better understand the needs associated with the disease and educate and/or train them on the support and assistance methods required.



For example, the Korian Villa Evora site in Chartres (France) reconstructed a schoolroom from the 1900s where residents could rediscover objects from the era that evoked many memories. The use of digital tablets enabled residents to journey from 1900 to 2000 by taking a quiz.



Finally, all Group facilities work to maintain a dialogue with residents, patients and their families. One of the ways they do is by organising regular meetings, as required by law, of bodies such as the Social Life Councils in France or "Heimbeirat" in Germany, whose members are elected for two years by residents or appointed by local authorities. These committees make sure that the rights of residents, patients and their families are respected and facilitate

suggestions and complaints. The Group intends to capitalise on this network of local councils to expand the dialogue and cooperation which already exist with its sites' stakeholders and to reinforce their ties to communities.



3.2.1.3 Maintaining a dialogue and tracking the requests of residents, patients, and families

In each country, a dedicated team responds to inquiries related to the needs and challenges experienced by our residents, patients, and their families.

In France, each long-term care nursing home and each specialised clinic have respectively a Social Life Council or a User Relations Commission. These Committees enable a facility's management and staff to meet and discuss with residents, patients, and their families.

There is also a team at the head office with physicians, psychologists and mediators who aid residents, patients, and their families in situations for which they are unable to find a solution at the facility level.

France is fully committed to expanding and enhancing its mediation options. Access to outside mediators is already available for the most complex issues.

All requests are consolidated in a dedicated tool for tracking at the facility level and at the head office to ensure optimum efficiency.

In Germany, a platform is used to organise the tracking system to ensure that all requests are resolved in a satisfactory manner. This system gives facilities the ability to assign a request to one of 13 predefined categories (for example, medical care, accommodation, or food), and to monitor their follow-up and progress to ensure that they are processed within three days of receipt. If the person concerned is not satisfied with the facility's handling of the complaint, he or she may contact the management centre in Munich, which can then mediate the dispute. The centre compiles statistics on the inquiries that have been entered in the system and publishes a monthly assessment report for General Management.

In Belgium, beyond regular discussions at the facilities, every resident has their own mailbox at each facility, as required by statute.

Moreover, there is a complaints call centre managed directly by the government.

In Italy, a service relations management tool enables all users (call centre, facility reception desk, etc.) to ensure more effective monitoring of inquiries, problems, and suggestions from families, for optimised customer service.

As part of the ISO 9001 project and the harmonisation of its practices, Korian is writing a Europe-wide procedure to define the Group standard for managing complaints.

3.2.2 Encouraging freedom of choice through *Positive Care*

Korian developed the Positive Care approach, a unique assistance model that favours more wellness and more joy against the backdrop of quality care.

3.2.2.1 *Positive Care*

Our commitment is to do whatever it takes to help individuals be as autonomous as possible, in accordance with their quality of life and wishes. That is why Korian developed a unique and innovative approach named *Positive Care*. It is a common attitude and outlook that inspires all our employees to impart to our residents and patients a sense of joyfulness and well-being that goes beyond medical treatment and care.

Korian's *Positive Care* approach was created more than 15 years ago and was inspired by the work of the famous Italian doctor and psychologist, Maria Montessori. It is based on a positive clinical approach, rooted in the firm belief that individuals should be viewed in a positive, holistic light and encouraged to maintain their capacity to do things alone, rather than focusing solely on their illness and dependency. This mindset translates into behaviours and practices that combine expertise and soft skills, where residents play an active role in living a meaningful life. *Positive Care* means taking care of others while respecting their choices, their dignity, and their need for privacy.

Developing a personal plan

Each individual's needs, capacities and wishes are assessed on a regular basis. To facilitate this exercise, Korian developed a remaining capacities scorecard designed by a group of experts including psycho-motor therapists, occupational therapists, psychologists and caregivers. It is used to illustrate the functional, sensory, cognitive (communication, memory and orientation) and social and domestic capabilities of the individual, which leads to a more accurate assessment of his or her needs. A multidisciplinary team fills in the scorecard, which provides invaluable assistance in drawing up the individual therapeutic programme covering four aspects:

1. leisure and entertainment;
2. domestic and social activities;
3. non-drug therapies; and
4. medical and medicinal therapy.

A variety of cultural and social activities

Korian activity staff design, organise and facilitate pleasurable social activities that are consistent with the facility's development plan and the social life plans of residents. The aim is to improve their quality of life in accordance with their wishes, needs, level of dependency and health.

Although each facility determines its own activities policy, Korian recommends a large selection that encompasses the needs of all residents. There are various types of activities, including cultural, creative, manual, relational, recreational, and physical options. Long-term care nursing homes organise trips and intergenerational events with stakeholders in the local community.

Domestic and social activities

Cognitive stimulation requires a reassuring environment that is easy for residents to understand and navigate, which stimulates their intuitive memory. The Korian group's long-term care nursing homes are progressively installing small, specially-designed care units with a quiet lounge for resting, a dining area with a therapeutic kitchen, and two entertainment rooms and collective living spaces that are designed and arranged to meet the specific needs of people suffering from Alzheimer's or similar diseases. These areas are open to the outdoors and feature special lighted paths, while also offering the protection of 24-hour surveillance.

The teams are trained in alternative and non-drug therapies and organise appropriate activities "just like at home" that consist mainly of games and domestic tasks, such as laundry, housework, and gardening.

Non-drug treatments are preferred

Korian's programme to maintain and develop capacities and prevent frailty combines several enjoyable approaches and non-drug therapies. This individualised programme addresses three aspects:

1. maintaining physical and motor capacities – essential skills to preserve the ability to get around unaided, prevent falls, and ensure a comfortable daily life – with a programme of physical activities designed to maintain verticality and balance;
2. a cognitive skills assessment comprising two different programmes:
 - a cognitive stimulation programme, or memory workshops, for people with mild to moderate impairment, and
 - a cognitive restoration programme focusing on procedural memory, for people with moderate to severe impairment; and
3. the prevention and treatment of psycho-behavioural disorders often associated with cognitive problems. In these cases, Korian supplements the cognitive restoration programme with meditation-based behavioural therapy and multi-sensory therapies.

In France, 100% of Korian homes have received Korian-specific non-drug therapy training (five days of training per facility) and been supplied with tools to enable the implementation of the three therapeutic methods: cognitive, behavioural and functional.

Medical and medicinal therapy

In Korian facilities, medications are dispensed under physician supervision in accordance with the recommended best practices developed through research projects carried out under the aegis of the Foundation to provide residents and patients with the right dosage and to optimise the treatment-efficacy/wellness equation. Korian staff regularly update the self-employed practitioners who work at the facilities to encourage them to adhere to these recommendations and practices.

3.2.2.2 Deployment to facilities

Korian is gradually deploying the *Positive Care* approach to its European facilities. At the close of 2019, the *Positive Care* approach had been put in place at 72% of long-term care nursing homes, doubling the figure from 2018.

Employee training

The "Positive Treatment, Ethics and Care for All" programme (which makes the acronym BEST when written in French) was created in France in 2011. This fun training reflects the Group's commitment to taking care of its residents, patients, and employees. It ensures that each employee adopts the right attitude to provide benevolent care. In 2019, nearly 23,000 hours of training on wellness and safety for all were delivered in France, Germany, and Italy.

Employees may also receive training in the Montessori Method, which is used to develop the cognitive skills of people who suffer from Alzheimer's or similar problems by getting them to use their emotional memory and faculties to circumvent mental deficiencies. In France, Positive Care training was given to nearly 3,000 employees in 2019, amounting to over 23,700 hours of specialised training.

In Belgium, medical care staff may take part in role-playing games in which they experience first-hand what it is like to be a resident suffering from dementia. This gives them insight into what residents may feel, see things from their perspective and identify things they can improve in their relations with residents. Medical care teams also receive training on how to deal with end-of-life issues with the Advanced Care Planning and Euthanasia programme. This training course is delivered by the coordinating doctor and covers the relevant laws, requirements and procedures and guides staff through the essential process of discussing the resident's end-of-life needs and desires (such as what questions to ask, when and how).

In Italy, quality assurance specialists receive two days of training on how to detect abusive treatment in medico-social facilities and monthly follow-up and assessment indicators are in place at each facility. In Germany and Belgium, employees may also receive training in workplace wellness to improve communication with colleagues and with the families of residents, manage stressful situations and conflicts more effectively, and prevent musculoskeletal disorders (MSDs) and burnout.

Eating well to age well

Serving good food has always been a priority for Korian. This is especially important for residents, patients, and their families and plays a substantial role in their well-being. With some 76 million meals served each year in Europe, Korian is committed to providing its residents and patients with food service that is pleasurable, family-oriented and delicious.

In France, Korian makes the quality of its meals and dining experience a top priority. "Home-style cooking" is provided and meals are prepared on site using unprocessed seasonal products and traditional recipes. Facility chefs are assisted by culinary experts, regional catering advisers and dieticians who are specialised in health and nutrition for the elderly. Korian also seeks to build the skills and expertise of its chefs through training programmes, some of which are conducted in collaboration with hotel management schools. Menus are planned over a period of five weeks and are updated each season in accordance with the availability of food products and seasonal recipes. These menus must comply with a nutrition plan that is established by qualified dieticians. The recommended nutritional criteria are observed and are validated whenever menus are updated.

In partnership with *L'Atelier des Chefs*, Korian provides an online platform that enables all chefs in France to access e-learning modules about key culinary issues in our industry and watch a monthly interactive cooking show. It also unites the community of Korian chefs by providing them with an innovative platform to communicate and share best practices while staying abreast of recent events within the Group.

Under the auspices of the partnership launched in 2017 with Gault&Millau, 52 facilities in France have been accredited to date. Gault&Millau experts conduct a comprehensive audit that uses 245 criteria to measure the quality of meals (including the preparation of fresh produce, cooking techniques, texture and taste), service (table preparation, tableware, table linen, etc.) and the overall dining environment. Facilities which meet the stringent standards are awarded the Gault&Millau seal. The seal is awarded for a one-year period in the form of a certificate, attesting to the dedicated work of the Korian catering staff, which is displayed in the facility.



The quality of catering at the Korian Bel'Saône long-term care nursing home earned the Gault&Millau seal.

Korian's ELISA assisted living facility in Ulm, Germany (Baden-Württemberg) was recognised by the Residenz Kompass guide which honours the best assisted living facilities in Germany. Only 20 assisted living facilities in all of Germany have been listed in the guide.

In some German facilities, which are organised into small living units with their own kitchens, as in the Netherlands, and in the Ages & Vie network of living communities, residents can also participate directly in meal preparation, from choosing menus and shopping at the market to cooking the food, depending on their culinary interests and skills. This approach will be rolled out to new facilities developed by Korian throughout Europe.

A pleasant living environment adapted to resident needs

Korian's Boost Plan has accelerated plans to refurbish, extend and transform its network - throughout Europe and especially in France. Nearly 3,000 rooms will have been renovated by the end of 2020. New concepts have been designed and created for bedrooms and shared areas to upgrade the amenities and services available, and in doing so, increase the satisfaction of patients, residents, and families.

The aim is to create a pleasant atmosphere that is conducive to Korian's Positive Care approach, so that residents enjoy a friendly and familiar environment that stimulates or compensates for their capacities. In this respect, special attention has been paid to the size and layout of shared areas and bedrooms, the selection of materials to be used, lighting, colours, furniture and decoration, while also incorporating astute ways of helping fragile residents to find their way around.

In 2019, Korian commissioned the global design firm Saguez & Partners to study the nursing home of the future and to explore the universe of the new Korian brand. The results will inform the Group's forthcoming construction and renovation projects.

3.2.3 Demanding quality at all levels

Respecting individual residents and patients, their dignity, and their desires are the fundamental care principles that underlie the service provided in Group facilities and inspire its ethical approach to care.

3.2.3.1 Dissemination of best practices and prevention of risky behaviours

The implementation and coordination of ethical reflection tools and actions in the Korian group's countries is the responsibility of its Quality and/or Care teams. They are also responsible for checking that facilities observe quality standards and best practices and for the close monitoring of all complaints, especially those which may have ethical implications (pertaining to abuse, pain management, etc.).

Supervision at country and Group levels is based in large part on the weekly reports submitted and harmonised at the European level which cover serious adverse events (SAEs). Depending on the country, these reports also meet the requirements of local health authorities. Every event is qualified in an identical manner based on its category (technical care, abuse and so on) and the level of impact and severity.

Regular reporting is used to analyse each SAE and to collect feedback so that best practices can be communicated in order to continuously improve quality of care.

Since 2018, in addition to the campaigns conducted in each country, joint sensitisation and prevention campaigns have been deployed at the European level to cover five major topics: proper medicine usage, patient safety, hygiene, infection risk prevention, and benevolence.

The frequency of serious adverse events directly linked to resident and patient assistance or caregiving remained low: in 2019 the rate was 0.33 SAE per 10,000 days spent in a facility.

In preparation for the ISO 9001 project, the Ethics, Medical and Quality Department has reinforced its ranks by hiring high-level quality experts with extensive experience in implementing ISO quality standards, quality policies and continuous improvement procedures.

The Group also coordinates the specification and dissemination of the ethical standards that each facility

is bound to observe. Fact sheets on the best practices to employ and recommendations on internal rules and regulations are broadly distributed through the document management database and quality manuals of each country.

In the context of ISO 9001 certification, Korian's European standard will harmonise these practices.

In all countries, staff use an electronic patient file to schedule, view and record all the care procedures that are to be and have been performed, for each resident and patient. This electronic platform can be used to communicate best practices and procedures to improve the quality of care.

Internal and external quality audits

Korian conducts 360° quality audits on a regular basis to assist its teams in identifying and applying preventive or corrective actions according to the level of risk identified, strategic goals and the resident/patient needs identified.

Internal quality audits are conducted at least every two years in each facility by dedicated teams, in addition to the self-assessment practices managed by the facilities themselves. These audits aim to:

- check that the facility's operations comply with the requirements laid down by standards and regulations;
- check the application of the "Korian Essentials" pertaining to quality;
- verify that all procedures are defined, known, understood, and applied within the facility; and
- confirm best practices and identify avenues for improvement to help the facility advance.

Following on these assessments, the facilities are rated at one of four levels from "A" to "D". In 2019, 87% of the Group's facilities⁽¹⁾ were rated "A" or "B"; in France, 96% of all the nursing homes⁽²⁾ audited were rated "A" or "B".

External quality audits are also carried out, in accordance with regulations in each country, by independent organisations to assess all medical procedures, follow-up services, patient file quality and participation by user representatives. The patient is the focal point of the approach, which takes under consideration quality and risk management and the patient's rights, care pathway, case management and medicinal treatment.

(1) Audits performed on 684 facilities (long-term care nursing homes and specialised clinics) out of a total of 766 as at 31 December 2019.

(2) Audits performed on 301 long-term care nursing homes as at 31 December 2019.

In France, all Korian clinics are certified by the National Authority for Health, which awarded a level A certification (resulting in zero requirements or recommendations) to 65% of facilities and a level A or B certification to 99% of facilities. In Germany, the *Medizinischer Dienst der Krankenversicherung* (MDK) Health Insurance Medical Department does similar audits and has given a level A or B rating to 97% of Korian's facilities. In Italy, 100% of Korian clinics that are more than two years old have ISO 9001 certification for quality management and 87% have been assessed at level A or B. All the facilities are presented for certification within two years of their integration. All facilities that are more than two years old have ISO 9001 certification in Spain and HKZ certification in the Netherlands.

3.2.3.2 Being the first 100% ISO 9001-certified care network in Europe by 2023

Excellence means making it a priority to improve the technical quality of care that we provide to residents and patients.

Building on the momentum generated in Italy and Spain, to continue working toward harmonised practices and an

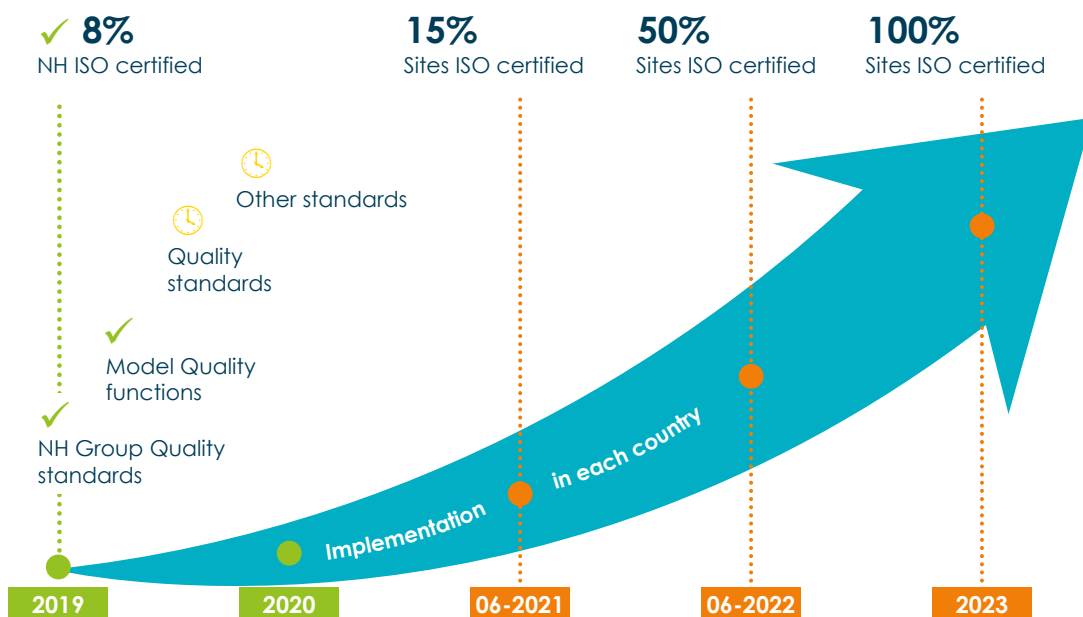
established uniform quality standard for the entire European network, Korian has decided to commit to an ambitious multi-year programme with the goal of earning ISO 9001 certification for all its facilities by 2023. Thus, Korian is the first enterprise in its sector to commit to this approach, which will apply to all Korian's activities.

Korian's goal is to attain operational excellence combining service quality and resident and patient satisfaction, to establish a harmonised quality management system (QMS) at the Group level that incorporates local regulatory requirements in each country.

In 2019, we focused on defining the first European standard for the network of long-term care nursing homes. Pilot programmes began in the last quarter of 2019.

At 31 December 2019, 8% of facilities had ISO 9001 certification.

Work on the European standard for clinics was launched in January 2020.



Timeline for roll-out of ISO 9001 certification in Europe.

KORIAN MANIFESTO

✓ COMMITMENT NO. 2

TAKING CARE OF THOSE WHO TAKE CARE

Maintain and increase **average tenure**

6.7 years

8% of staff enrolled in **qualifying training programmes** by 2023

2019

> 4%

50% **women in top management** by 2023 (+10%)

46%

COMMITMENT NO. 2 TO OUR OWN TEAMS

"Taking care of those who take care" is our priority, to enhance the quality of work for the Group's 56,000 employees (83% of whom are women and 63% of whom are care staff) in their daily activities, throughout the year, to maintain a constantly high level of care quality.

The main tactic is to **strengthen the social contract** that binds us to our teams by ensuring they have a **safe, healthy work environment**, by **reducing workplace accidents and the resulting absenteeism**, by helping to **improve permanent employment** through **better work organisation, better needs-based planning and churn reduction**, everywhere in Europe, and by **investing in our site managers and employees, the cornerstone of the network**.

In concrete terms, our commitments are to:

- **Maintain or increase average employee tenure**, which is currently 6.7 years.

- Invest in qualifying training: our objective is to have 8% of **our staff enrolled in qualifying training by 2023**, doubling the 2020 percentage.
- Increase by **10% the number of women in top management to attain a 50% ratio**, to ensure that there is diversity at every level of our organisation, as Korian is already an exemplary enterprise as regards diversity.

We will measure the progress of all these HR schemes through our employee commitment questionnaires, which will be sent out annually starting from 2020.

Moreover, we are making the **quality of labour relations** a priority with the goal of continuously strengthening the social contract at the country level and within the European Works Council set up in the first quarter of 2020.

3.3 Taking care of those who take care

The ongoing ageing of the European population and the steep rise in chronic diseases linked to age call for profound changes in how we care for elderly, fragile and dependent individuals.

In this context, the challenges of boosting the appeal and recognition of careers in the silver sector and senior autonomy, issues which have been taken up by governments in some European countries, including France⁽¹⁾ and Germany, are priorities for Korian, where we take a humanist approach to our corporate project, "In Caring Hands".

The main thrust of this strategy is to strengthen the bond of trust with all Korian employees to follow on the commitments made to residents, patients and families, and in keeping with the Group's values and CSR strategy to build on the common foundation of excellence.

8 commitments to excellence to be Europe's benchmark employer in our sector

Excellence begins with supporting our staff (approximately 56,000 employees at nearly 900 sites) with an ambitious goal: train and offer career development pathways to become the preferred employer in our sector.

The concrete expression of this vision is a new social compact introduced in September 2019, built around eight simple commitments that convey Korian's core employer promise, from initial contact with the Company (introduction and induction) and throughout one's tenure (training, internal promotion and so on), culminating with full and complete buy-in to the Company's mission and the various initiatives deployed throughout the Group's network of facilities. This is the linchpin of the Korian staff's lasting commitment and loyalty.

8 KORIAN commitments
for a quality employee experience

- ✓ I am welcomed and supported throughout my career at Korian. My managers are available and willing to listen.
- ✓ I know my responsibilities and my schedule. I am trained for my position and I have access to development resources.
- ✓ I work in an environment that keeps me safe and healthy at work.
- ✓ I belong to a supportive professional community.
- ✓ I am recognised for who I am and what I do, and I have a good work-life balance.
- ✓ I can advance at the Company and I am aware of professional development opportunities and career pathways.
- ✓ I am familiar with the breakdown of my compensation and with the benefits that reward my contributions.
- ✓ I am an active player in the Company strategy.

we are all committed

(1) France: Examples include the Ma santé 2022 plan, Libault report on old age and autonomy consultation, and the El Khomri report on the national mobilisation plan to promote careers in the silver sector.

A shared employer promise for jobs like no others

Jobs at Korian are not like any other jobs: they are demanding, profoundly human positions imbued with robust values backed by a strong sense of commitment.

Each day, the women and men of Korian have a very unique responsibility that is both noble and challenging: caring for the elderly and their families at crucial moments in their lives.

In this line of work, employees are the essence of the system. They work in a wide variety of positions that, of course, involve caregiving (nursing assistants, nurses, and physicians), but also hospitality, catering, activities planning and management. They are the people who guarantee the quality of service provided to residents and patients.

The scarcity of care resources in Europe prompted the Group to conduct a study to forecast its recruiting needs, which estimated 60,000 new hires over the next four years. In 2019, the Korian group added 11,000 permanent contracts and had to contend with a 22% churn rate. This is why Korian has defined a comprehensive HR action plan which consists in stabilising resources - and thereby reducing staff churn and absenteeism - by improving its employer brand and the image of the care and service professions and by enhancing the "Korian social contract" in all its forms,

from work environment quality and safety to bolstering its permanent staff.

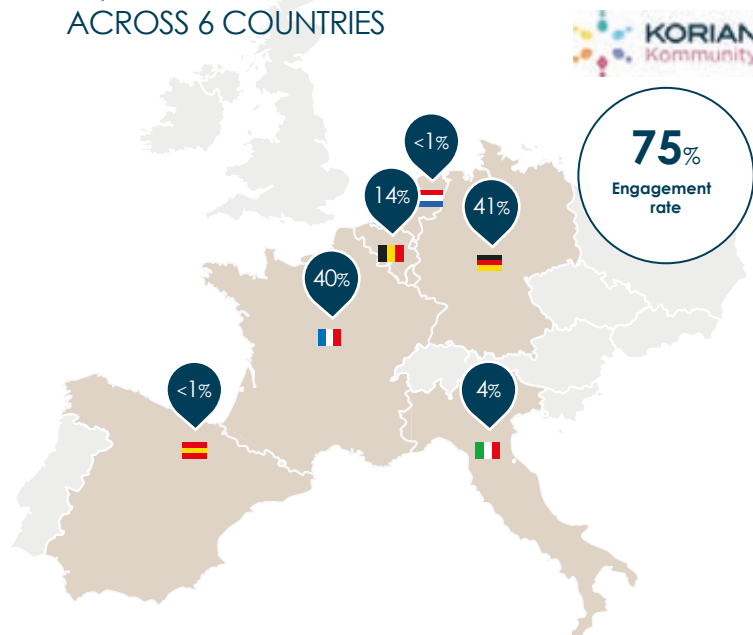
The Group is also actively working to develop its employees' skills and is wielding its human resources policy as a lever to boost Korian's transformation and performance.

The Group Human Resources Department has worked to develop an updated employer promise shared with all its employees to secure the means to recruit, train, build loyalty, certify, and encourage the development of its entire staff. A growing awareness of the need to restore the image of careers in caring for elderly and fragile populations has led several professional federations and branches to run campaigns to sensitise and boost appreciation for these professions in national media outlets.

The Korian employer promise is expressed through the eight commitments of its "In Caring Hands" corporate project and the four Group values. All HR action plans are conceived to support these eight commitments in a coordinated, harmonised way across the Group's six countries. This foundation of HR values and practices helped Korian achieve an employee commitment level⁽¹⁾ of 75%, which is high for the sector.

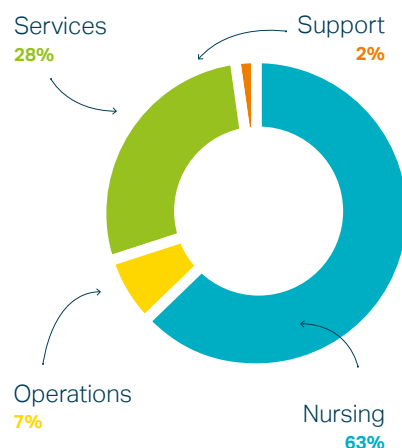
Human is capital

56,000 EMPLOYEES
ACROSS 6 COUNTRIES



Breakdown of workforce by country

MORE THAN 100
PROFESSIONS ACROSS
THE GROUP



63% of our staff are care/nursing staff

(1) IPSOS European survey administered to Group employees in France, Germany, Belgium, Italy and Spain.

Four major priorities to strengthen the social compact

Driven by the commitments set forth in the corporate project, "In Caring Hands", and beyond what has already been implemented, the Group continues to ramp up its human resources management efforts in four key areas:

- **hiring**, to meet the needs of its teams, making it possible to anticipate staff planning requirements and forge closer ties with residents and patients in the 600 living areas where the Group operates;
- **training**, to improve quality of work, by developing professional certification pathways with a heavy emphasis on learning through a partnership-based approach, by encouraging internal promotions and by creating our own training centres with the goal of continuously enhancing the employability of our staff;
- **management**, to promote the Korian Management Way and to improve quality of management with the creation of the first European training specifically for Facility Directors in 2020; and
- **the promotion of a safe and healthy work environment, diversity and inclusion**, at all levels of its organisation and through several initiatives in all Group countries.

These actions will be supported by a social dialogue that is deeply rooted in Group practices, thanks to many years of careful listening and quality interactions with employee representatives. These industrial relations were strengthened and given a new dimension with the signing in April 2019 of an agreement to set up the first European Works Council in our sector.

3.3.1 Being the benchmark employer: recruit, train and support

Working at Korian offers the ability to practice a wide variety of trades at the heart of living areas near the employees' own homes. A job at Korian also means performing to an exceedingly high standard that is conveyed through the Group's four values: benevolence, responsibility, initiative, and transparency. Finally, it brings the opportunity to build a rich, progressive career with professional certifications.

3.3.1.1 Meeting the needs of our staff: recruit and retain

Korian is actively promoting its professions to deal with extensive recruitment needs in a highly competitive market brought about by the intensifying growth in demand for assistance for elderly and fragile persons, regardless of their level of autonomy, and by the labour shortage in certain high-demand positions, such as nursing assistants and cooks.

Two years ago, Korian implemented a recruitment projection and planning system to anticipate its needs and ensure continuity of service for residents and patients at living area level. The goal is to reduce the Group's exposure to recruitment needs and costs. Therefore, we must forge deep, lasting ties with partner schools in our regions and, wherever possible, develop robust training pipelines. This will help with pre-recruitment and diversified sourcing. Other tactics include internal promotions and alternative staff sourcing, with an emphasis on pools of job seekers and persons distanced from employment, whom Korian can assist with its inclusive training offer and approaches.

In France, the Group has expanded the size of its local teams (approximately two additional FTEs per facility) to build more security into its internal replacement capacities. The purpose of these systems is to shorten vacancies when an employee leaves the Company.

As part of the move to diversify our offer, Korian is developing care pathways that include home care and home services, assisted living facilities and shared housing for seniors, which also creates more jobs.

Finally, the proliferation of initiatives involving schools, job fairs and the local ecosystem (partners, interns, work-study participants and so on) is opening up a dialogue about the appeal of careers in the silver sector, sparking interest and positive communication, fostering loyalty within internal pools and attracting skilled professionals and degree holders.

Korian, a company that is hiring

Owing to its growth trajectory and the reinforcement of the operational structures within its networks, the Group hired more than 11,000 permanent staff in 2019. Korian is planning to recruit more than 12,000 additional permanent staff in 2020, bringing the number of net jobs created to 2,500 for the period covering 2019-2020, based on acquisitions finalised in 2019 and scheduled for 2020. Faced with what is becoming the biggest challenge for all participants in the care sector - attracting and hiring - the recruitment/sourcing teams were reorganised and increased in all Group countries to further professionalise these functions and enable them to meet the needs of Korian's sites. In France, for example, a dedicated team of care assistants was set up to help the sites host recruitment days and enhance relations with nurse and nursing assistant schools near Korian facilities, while giving them updated employer branding tools adapted to the needs of the local job market.

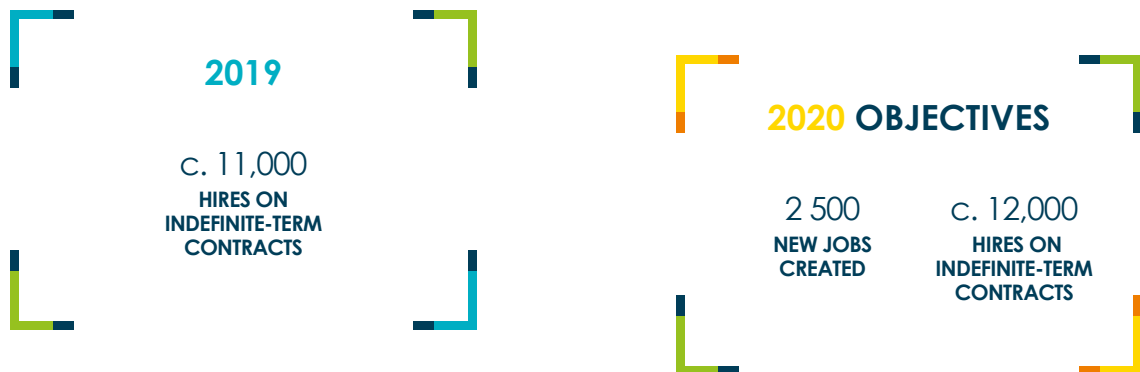
In all the countries where it does business, the Korian group has forged strong collaborative relationships with national employment agencies.

"Korian Start": immersion in care facilities

For Korian, the quality of the induction process for new employees is as important as welcoming and caring for our residents and patients. That is why our HR and operational teams pay close attention to ensure this process goes smoothly, because it is now clearly established that employee churn is highest in the first 6 to 12 months after recruitment.

Individualised induction programmes are organised in all countries with multiple variations depending on the country. They last several days, including one or more days of induction at the head offices of Group subsidiaries, along with immersions at "teaching sites". For example, the "Korian Start" programme in France is designed for new directors and managers at the head office to enable them to understand how the Group is organised, learn about the different jobs in each facility, meet with corporate staff, familiarise themselves with the Company's main functions and appropriate the Group's values.

It also affords an opportunity to share experiences, encourage intergenerational discussions among skills communities and promote mentoring within teams.

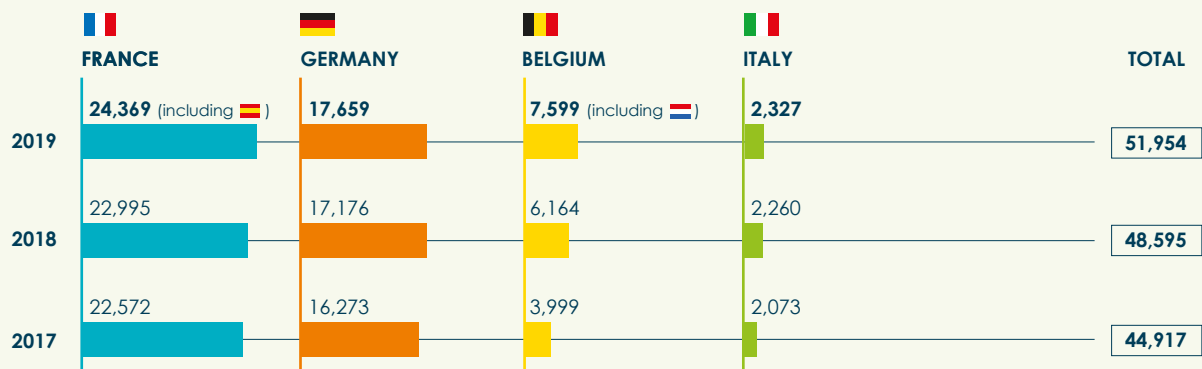


2019 WORKFORCE DATA ON GROUP HEADCOUNT AND RECRUITMENTS

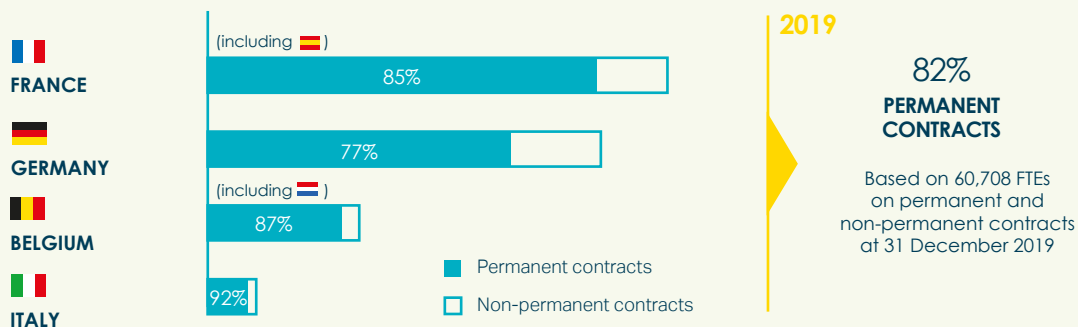
The total Group headcount for 2019 was 51,954 employees in Full-Time Equivalent (FTE), versus 48,595 in 2018.

The total number of employees on permanent contracts at 31 December 2019 was almost 56,000⁽¹⁾.

BREAKDOWN OF WORKFORCE BY GEOGRAPHICAL AREA (FTE, PERMANENT AND NON-PERMANENT)



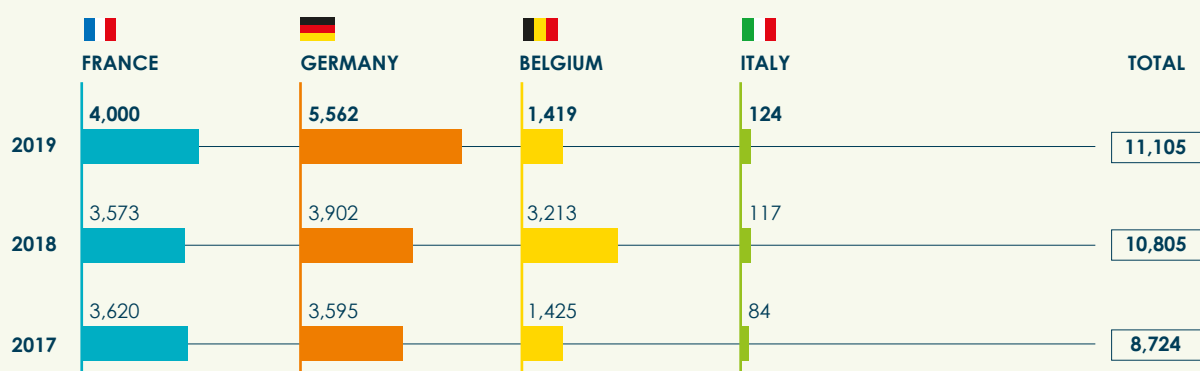
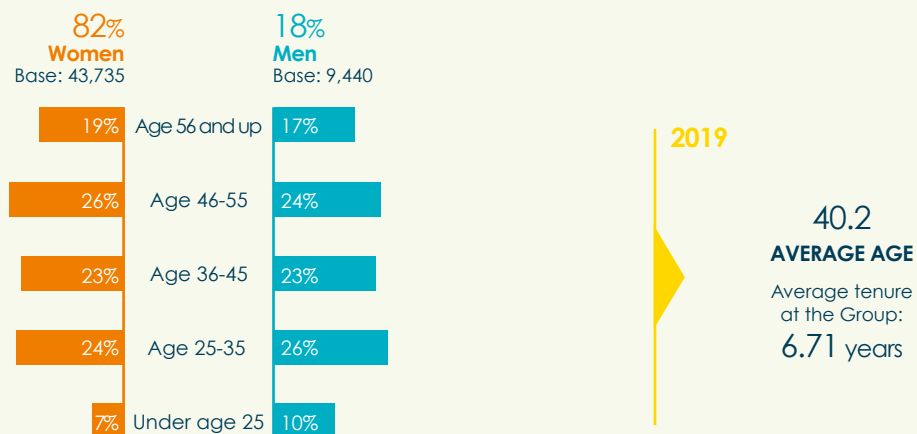
BREAKDOWN OF WORKFORCE BY CONTRACT TYPE AND BY GEOGRAPHICAL AREA (FTE, PERMANENT AND NON-PERMANENT)



(1) By convention, we add to the 50,042 registered permanent employees in countries the staff not registered as permanent in Germany (i.e. 5,244 contracts), which yields a total of 55,286, rounded to 56,000 for two reasons: first, in Germany non-permanent contracts are, for the most part, long-term contracts, which differs to practices in other European countries (e.g. fixed-term contracts in France); and, second, to determine the number of representatives assigned to the European Works Council per 1,000 employees, it was agreed with the German representatives that the calculation should include long-term, non-permanent contracts that contribute to permanent operations at the sites.

(CONTINUED)

NUMBER OF HIRES ON PERMANENT CONTRACTS

AGE DISTRIBUTION⁽¹⁾ (FTE, PERMANENT AND NON-PERMANENT)

(1) Korian's age distribution is expressed as registered staff in the following scope: excluding new 2019 acquisitions in France, excluding home care activities in Belgium, excluding Spain and the Netherlands for a base of 53,175 registered employees.

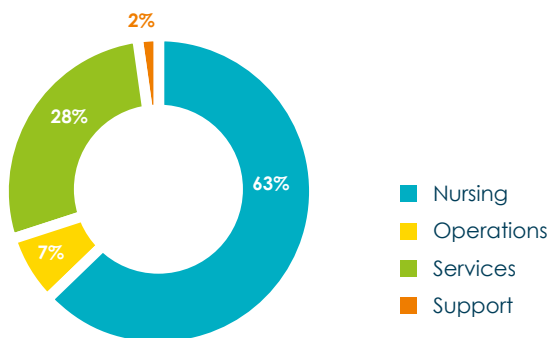
3.3.1.2 Training and developing professional certification pathways

Training is an essential link in Korian's employment commitment for many reasons: the variety of jobs involved, the types of expertise required, the growing demands of families, the intensifying quality imperatives, and the ever increasing average ages of residents and patients, which results in continuously changing pathologies.

Korian, a learning company, wants to give all its staff the ability to enhance their employability by constantly developing their skills through training sessions (including e-learning), access to qualifying professional pathways, and apprenticeships.

Considering heightened competition in the health and care sector across Europe and the diversification of care and support modes, employee retention is crucial. Earning the loyalty of Korian staff hinges on providing continuous education on the job, giving everyone the resources they need to clearly understand their work environment and responsibilities, to keep themselves and others safe in the workplace, and to be supported in their career development plans while encouraging internal mobility. The communities and function-specific groups that are gradually forming in all Group countries help promote this sense of belonging and align perfectly with the spirit of the eight HR commitments under the "In Caring Hands" corporate project. Each employee is part of a learning community and each profession has its own group. These groups build unity and allow staff to share best practices at the country level, reflect on changes to their jobs and the new skills that will be required from each function and, finally, define the resulting training needs. There are already several job-specific communities in the Group, which exist in different forms: culinary community, physician community (led by "doctor ambassadors"), psychologist community, activity leaders, technical and maintenance manager community, nurse community, and so on. In addition, Technical Business Line Committees meet quarterly at the European level, convening the Company's main business lines, such as Quality, Human Resources, Real Estate and Development, Finance, and Medical.

BREAKDOWN OF MAIN GROUP FUNCTIONS



Korian Academy, to develop professional expertise and promote the Group's values

Korian's training plan serves three major goals: promote internal career paths, strengthen the corporate culture and sense of Group identity, and formally recognise employees' skills and knowledge in order to advance the sharing of best practices.

Korian Academy was created 16 years ago in France to expand the skills and knowledge of the Group's employees by contracting with external trainers and specialists. These professionals are selected for their expertise in such fields as nursing, physiotherapy, occupational therapy, psycho-gerontology, and the law. Korian Academy offers training programmes that can lead to promotions: functional expertise, qualifications and certifications (more than 300 in both France and Germany), validation of acquired experience (VAE), management support, and so on.

In 2019 the Group enhanced the role of Korian Academy, the crucible in which its values are forged, by updating its catalogue to more closely reflect employee needs and to introduce more qualifying training programmes. Every Group country now has its own Korian Academy or a similar internal training entity, enabling each country to address specific training regulations and funding concerns.

Moreover, in response to mobility limitations and to new uses, digital trainings are now offered and e-learning modules can be accessed via the Group's recently launched electronic platform, TalentsK. These in-person and remote training solutions enable the Group's employees to expand their knowledge, acquire new skills and learn new methods. In France, the proportion of trainings given in e-learning format rose sharply in 2019 (up 80% versus 2018) to account for around one-third of all training completed. Similarly, the new French law on the freedom to choose one's "avenir professionnel" gave us the opportunity to re-imagine our training offer. We now have a compulsory common core supplemented with hands-on trainings and qualifications in specific trades and several upwardly mobile career pathways. The Korian Academy makes sure that the Group's employees can receive useful professional development training that recognises and rewards their engagement, enhances their skills, and offers them a clear career path. Each year, the Group holds a ceremony to hand out the awards and professional certificates earned, where it celebrates the promotions of nursing assistants to nurses, nurses to facility managers, cooks and kitchen assistants to accommodation/catering managers and so on. The Group is immensely proud to be able to carry on, despite changes in funding streams, with its goal of qualifying pathways for all, which it sees as an integral part of the Korian employer promise.

Top 10 trainings in France (by theme⁽¹⁾)

RANK	TRAINING	NUMBER OF TRAINEES
1	HACCP and Food Safety Plan	826
2	Certificate of Training in Emergency First-Aid (initial and renewal)	811
3	Acute behavioural problems and flash activities trolley – NDT, 3 days	764
4	Game room – NDT, 4 days	635
5	BEST Attitude Positive	575
6	Montessori method for seniors	565
7	First aid	428
8	Validation of acquired experience	381
9	Korian non-drug therapies – NDT, 1 day	353
10	HR Access suite 9 – 4 day	316

Korian's goal is to have 8% of employees enrolled in qualifying training programmes by 2023, doubling the 2019 figure of 4%. The intermediate objective is to reach 5.5% of staff by the end of 2020, including apprenticeship programmes.

Encourage validation of acquired experience (VAE)

Each year, the VAE system assists over 200 employees in France with obtaining a certificate and being recognised at an awards ceremony.



Employees who wish to do so may earn the diploma or certificate which matches their professional experience. The skills our staff have gained over the years are recognised just as if they had been acquired through an equivalent training programme. Any employee is eligible, provided he or she has at least two years of full-time work experience in

Top 10 trainings by job category in France

FUNCTION	NUMBER OF TRAINEES
Nursing assistants/socio-educational assistants	3,434
Personal carer/orderly	2,133
State-accredited nurses	1,440
Designated/coordinating state-accredited nurses	823
Facility Director	802
Cooks and kitchen assistants	609
Physicians/gatekeeper doctors	498
Administrative assistants/agents	475
Head chefs	405
Psychologists	378
Occupational therapists	261

a position that is relevant to the Group (state-accredited nursing assistant, socio-educational assistant, cook, etc.) and for which there is a corresponding diploma.

In 2019, a total of 114 three-year nurse pathways were set up in France, despite the changes to the Group's financing, it should be possible to maintain this effort for nearly 100 qualifying nursing pathways per year.

National recognition for the Geriatric Care Passport, the first certified training course in geriatrics for care assistants

Developed entirely by Korian Academy and offered to Group employees since 2017, this 193-hour innovative curriculum focuses on the specialised skills needed by care assistants working with the elderly. It seeks to improve the quality of care and assistance provided to residents and patients.

The Geriatric Care Passport covers four subject areas: the elderly person's care and well-being, therapeutic programmes and continuity of care, stimulating the elderly, and everyday care and support. The certification exercises are carried out online and in real life.

Korian Academy is the certifying body, which means it is the only entity which can issue a certification to employees who have successfully completed the training. In 2019, more than 3,000 employees were enrolled in one or several passport modules.

(1) Hazard Analysis Critical Control Point (HACCP): analysis of biological, chemical, physical, and other hazards and the critical points to control for these hazards, especially in regard to food safety management.
Certificate of Training in Emergency First-Aid: regulatory training aimed at all non-healthcare staff working in healthcare facilities or medico-social facilities and independent practitioners.
NDT: non-drug therapies.
HR Access: unified payroll system used by Korian for all of France, which will be fully deployed to all sites in 2020.

Apprenticeship to create new talent pools

To meet recruitment and training needs at a time of labour shortages in professions that are being depleted because of diminished appeal, Korian has chosen apprenticeship as a way to train workers in its core jobs with a heavy emphasis on nursing assistants and cooks.

The Group is working actively to update its organisations, continuously improve the quality of life in the workplace and boost its employees' skills. It is critical for Korian and for the entire business sector to promote and showcase careers in the silver sector and to bring young workers on board. These young apprentices are mentored by our managers, who enrich and support the educational experience by imparting their know-how, in keeping with Korian's values.

Apprenticeship allows us to recruit and retain the employees of the future, cultivating a pool of potential diploma and certificate holders steeped in the Group's values and supported by a community of mentors.

The Group had 2,228 apprentices in 2019, with 1,817 in Germany and 380 in France. The Group continues to expand its development and apprenticeship efforts and reaffirms its target to double the number of apprentices in France by the end of 2020 (compared to 2017), for a total of nearly 600 apprentices. This commitment aligns perfectly with the objectives defined by the French "*collectif des 35 entreprises pour une économie plus inclusive*", namely to raise the number of apprentices by 35% from 2018 to 2021 and to double the number of training hours benefiting disadvantaged young workers. The Korian group has already exceeded its apprenticeship goal. It also participates in the French government's PAQTE programme to develop training, apprenticeships and "career introduction" internships for young people entering the workforce, along with inclusive purchasing.

In Germany, where apprenticeship is already well established (it accounted for 10% of Korian's FTEs at the end of 2019), a new apprenticeship initiative called "Generalistik" was introduced in 2020 to the entire country. The programme makes sweeping reforms to the training of apprentices, in particular by requiring one mentor for 10 apprentices.

France's CFA des Chefs: the first multi-company apprentice training centre devoted to cooking and catering



Korian and its partners, Accor, AccorInvest, Sodexo and The Adecco Group - all of which are leaders in their market - were inspired by the "Professional future" law in France to team up and boost the image of careers in cooking and catering, where there is a shortage of labour and skills. Their goal is to restore the appeal of the culinary sector, especially for young people, by offering qualifying training programmes in the hopes of serving as a gateway to employment.

The apprentice training centre known as the **CFA des Chefs** will open its doors in the summer of 2020 in Paris, Lyon and Marseille.

In addition to raising awareness and respect around catering services, the creation of this CFA will enable the enterprises themselves to define the educational content and to adapt it as needed.

Partnership with the Red Cross to promote the appeal of caregiving careers in the silver sector

In May 2019, Korian and the French Red Cross combined forces and expertise to promote the advantages of caregiving careers and to meet the challenges of ageing in society under a partnership whose aim is to promote the training and recruitment of nursing assistants and nurses in the silver sector.

As a result, the Group's facilities in France (long-term care nursing homes and specialised clinics) offered internships to students in nursing and nursing assistant training courses at the Instituts Régionaux de Formation Sanitaire et Sociale (IRFSS) of the French Red Cross.

Furthermore, in September 2019, the Red Cross welcomed to its training institute in Romainville (Seine-Saint-Denis) the first class of Korian-specific apprentice nursing assistants, who numbered 17. Their training will include a special module to cover the technical expertise and knowledge associated with assisting the elderly, especially seniors with cognitive deficiencies.

In 2020, Korian plans to create its own apprentice training centre in France for the caregiving professions. It will also launch its learning hub in Lyon in partnership with highly respected names in training and digital solutions to produce cutting-edge teaching and digital training content suited to

elderly and fragile populations. The hub will make it easier to stage real-life scenarios for work-study participants with a digital studio, a simulated patient room and a creativity and testing space.

Finally, the training model at Korian Academy is evolving with a campus that will allow for:

- supporting the expansion of apprenticeship programmes;
- developing a training offer for non-Korian audiences; and
- supporting training in professions created by the diversification of Korian's care pathways.

Korian, a learning company

In 2019, the Group made major strides in training: on average, employees received more than 15 hours of training over the course of the year, amounting to 780,415 hours of learning, a 3.6% increase compared to 2018. Meanwhile, more than 4% of employees were enrolled in qualifying training programmes, a 20% increase concentrated in France and Germany.

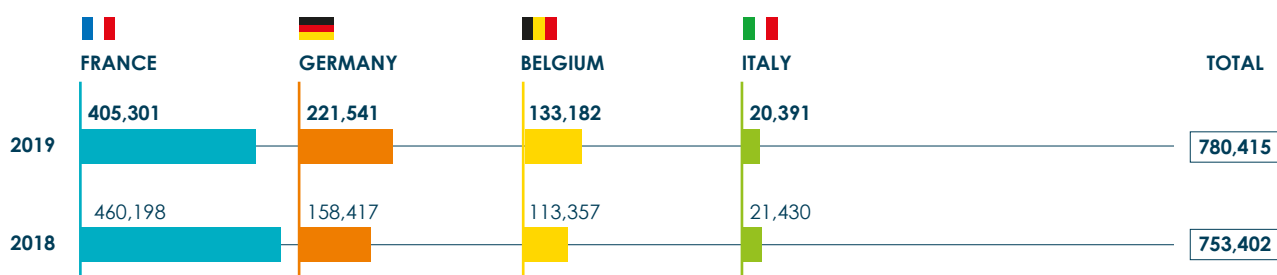
In 2020, over 5.5% of staff will be enrolled in qualifying training programmes.



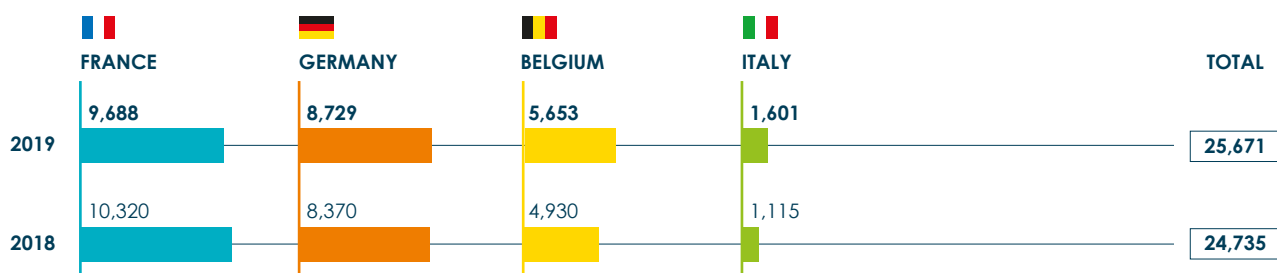
The stated objective for 2023 under the 15 ESG commitments is to double the 2019 figure to reach a rate of 8% of staff enrolled in qualifying training.

2019 training data

NUMBER OF HOURS OF TRAINING



NUMBER OF EMPLOYEES WHO RECEIVED TRAINING



3.3.1.3 Promoting the Korian leadership culture: the Korian Management Way

Facility Directors and their management teams are the cornerstone of care and service. Facility Directors have important responsibilities, with a scope of management covering 50 to 60 FTEs depending on the site and average turnover of €3 million to €4 million per year for a long-term care nursing home and nearly double that for specialised post-acute and rehabilitation clinics. This is why, for several years, Korian has structured training courses that enable its managers to strengthen their fundamental management skills while developing a common managerial approach that is based on teamwork and Korian's values. In addition, we offer a full complement of technical training programmes to assist managers with taking on a new position and with all aspects of facility management.

Management training

In France and Italy, there are specific programmes devoted to the Korian management style, including a dedicated sequence of training modules for front-line managers. These enable trainees to acquire the fundamentals of human resources management, work organisation, change management, marketing, and quality of life in the workplace. There is also a dedicated professional training path for housekeeping managers.

In 2015, Korian Academy launched "Campus Korian" in France in partnership with specialised educational institutions. It was the first three-year certification programme to enable Facility Directors to develop their management and leadership skills. Training modules on the most critical aspects of facility management are created to harmonise managerial practices in such areas as human resources management, sales and marketing, and the measurement of business performance and quality of service. In 2019, nearly 1,800 employees in France benefited from management training programmes (1,300 managers and 500 non-managers).

Building a European managerial culture in tune with the Korian spirit

Management has an essential and fundamental place in daily operations at Korian because of the geographic dispersal and variety of its sites, each of which operates in a specific environment. The purpose of the managerial culture is not just to ensure that the Group's values are shared and applied by everyone, but also to instil the fundamentals of Korian management at all sites by sharing a common management culture based on "In Caring Hands". This will help everyone to feel supported and developed by managers so they can deliver the highest quality of care and service to our residents and patients.

Korian is updating the managerial training offer previously known as "Campus" (2015-2018). It is working with IFG Executive Education to develop an innovative, exclusive, and proprietary training programme at the European scale for its Facility Directors. The goal is to provide a single framework for action common to all Facility Directors in Europe.

This certification programme is scheduled to be rolled out to the whole Group in 2020. The three-year programme focuses on leadership development and the role of the Facility Director in a context that requires managing multiple stakeholders. It will include 150 hours of blended learning with various e-learning modules, coaching and work sessions in the form of virtual and in-person workshops, along with group sessions dedicated to co-development. The result will be a broader implementation across all Group countries of the Korian Management Way, a unique style of management that is a game changer vis-à-vis staff, which helps to stabilise and strengthen our teams and the local management culture.

Finally, the Facility Directors who have distinguished themselves by virtue of their performance are awarded the internal "K'd'Or" honour at the annual managers convention. Each of the winners are given a learning expedition to the Group country of his or her choice to exchange best practices and forge an informal European network of Facility Directors.

Here is the list of K'd'Or recipients in France and Germany in each of the categories selected for each country:

2019	Germany	Human Resources Management	Haus Mathildenhof Worms
2019	Germany	Apprenticeship	Haus im Hagenland Wachtendonk
2019	Germany	Quality and Care Skills	Haus am Kienhorstpark Berlin-Reinickendorf
2019	Germany	Innovations and New Concepts	Seniorenresidenz Timmendorfer Strand
2019	Germany	Service Relations Focus	Haus St. Vinzenz Pfronten
2019	Germany	Regional Excellence	Haus Ulmenhof Dreieich-Sprendlingen
2019	Germany	Special Award	Wäscherei Kaisersesch
2019	France	Regional Excellence	L'Air du Temps (LTCNH)
2019	France	Regional Excellence	Le Mas de Lauze (LTCNH)
2019	France	Regional Excellence	Le Grand Parc (clinic)
2019	France	CSR	Solisana (clinic)
2019	France	Quality of Work	Villa d'Albon (LTCNH)
2019	France	Quality of Work	Les Vergers (clinic)
2019	France	Operational Performance	Jardin de l'Atlantique (LTCNH)
2019	France	Operational Performance	Hauts-de-L'abbaye (LTCNH)
2019	France	Operational Performance	Les Oliviers (clinic)
2019	France	Quality of Service Offer	Yvan Roque (LTCNH)
2019	France	Quality of Service Offer	La Ferme du Marais (LTCNH)
2019	France	Quality of Service Offer	Rougemont (clinic)
2019	France	Medical Treatment Project	Age Bleu (LTCNH)
2019	France	Medical Treatment Project	Georges Morchain (LTCNH)
2019	France	Medical Treatment Project	Montpribat (clinic)
2019	France	Support Functions	Head Office
2019	France	Special Award	Le Rosaire (LTCNH)
2019	France	Special Award	La Colombe (LTCNH)
2019	France	Special Award	La Vernède (clinic)
2019	France	Special Award	Carcassonne (hospital home care)

Beginning in 2020, the other Group countries will begin participating in the learning expeditions for K'd'Or winners.



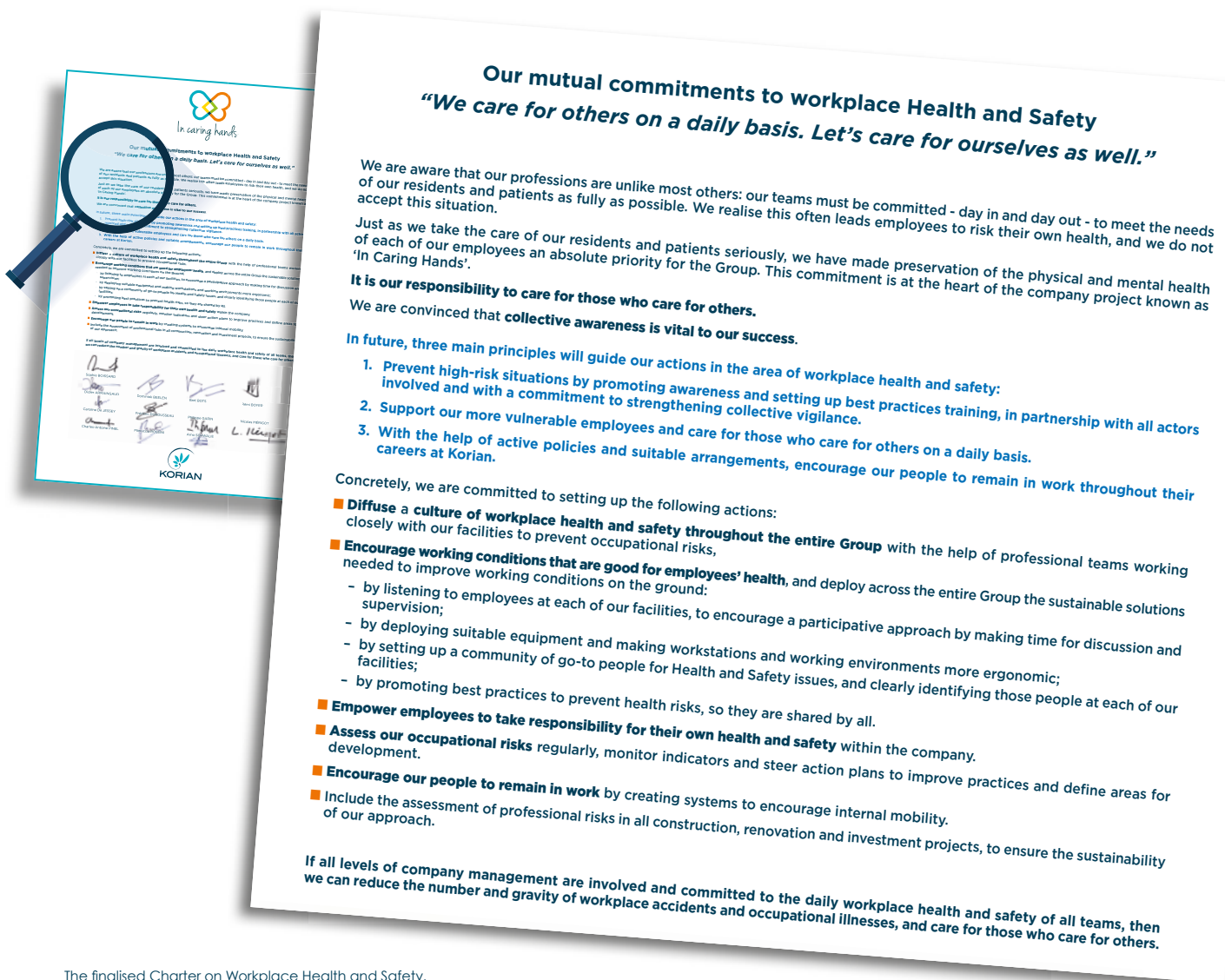
K'd'Or awards ceremony at the annual managers convention for Germany on 27 September 2019

3.3.2 Protecting the health and safety of employees

Our employees' quality of life, health and safety are a priority in the Group's Human Resources approach and one of its managerial pillars.

The Group knows that its teams perform jobs that require constant commitment, each and every day, to the needs of residents and patients in order to maintain continuity of care and high quality of service.

Just as the women and men of Korian care for residents and patients, Korian has made it an absolute priority at the Group scale to protect the physical and mental health of every employee, a promise that lies at the heart of the "In Caring Hands" corporate project.



The finalised Charter on Workplace Health and Safety.

3.3.2.1 A commitment to health and safety in the workplace

When Korian signed a Quality of Life in the Workplace agreement in France in 2017 with most of the trade unions represented in the Company, it became the first enterprise in its sector to do so.

By formally defining a national plan on health and safety at work, this agreement seeks to enhance the teams' working conditions and provide better support to staff members who encounter difficulties reconciling their work and home life.

Korian firmly believes that collective awareness raising is the most important prerequisite for making advances in workplace health and safety. Thus, in late 2019 it renewed its commitment at the European scale when the members of the Group Management Board signed the Korian group Workplace Health and Safety Charter which sets forth the key themes of the Group's 2020 road map and provides for the roll-out of a dedicated plan.

The Group's actions under this Workplace Health and Safety plan will be guided by three main principles:

1. prevent risky situations by deploying initiatives to sensitise and train on best practices, in conjunction with all persons concerned, and by reinforcing collective vigilance;
2. support fragile employees and care for those who provide care on a daily basis; and
3. encourage job retention thanks to active approaches and appropriate systems all along the professional pathway at Korian.

In concrete terms, the Group is committed to taking the following actions:

- disseminate a culture of workplace health and safety throughout Korian with support from our Professional Risk Prevention staff in close consultation with our facilities;
- promote working conditions which are conducive to employee health and, throughout the Group, deploy permanent solutions to improve working conditions in the field:
 - by listening to employees at each of our facilities, to encourage a participative approach by making time for discussion and supervision,
 - by deploying suitable equipment and making workstations and working environments more ergonomic,
 - by setting up a community of go-to people for Health and Safety issues, and clearly identifying those people at each of our facilities, and
 - by promoting best practices to prevent health risks, so they are shared by all;
- empower employees to manage their own health at the Company;
- assess occupational risks on a regular basis, monitor indicators and supervise action plans to update practices and define avenues of improvement;
- encourage job retention by creating appropriate systems to promote internal reclassifications; and
- integrate occupational risk assessment in all our construction, renovation, and investment projects to sustain these initiatives.

The Group aims to reduce work accidents and occupational illnesses and care for its carers through the daily engagement and involvement of its managers at all levels and for all teams. Starting from 2020, the Group will have an accident database that tracks accidentology in all countries and, more importantly, will make improvements by setting specific targets to reduce work-related accidents.

Health for All plan: caring for carers

A dedicated Workplace Health Department was formed in France in 2019; it is headed up by a Health and Quality of Life in the Workplace Manager who oversees four prevention specialists. The professional risk prevention specialists support the facilities to ensure the implementation of preventive actions and to help facility staff be more effective in taking workplace health into consideration.

The team operates under the "Health for All" plan whose goals are to prevent risks to maintain employees' physical health, reduce absenteeism, enhance job retention, and support any individuals who require reclassification. Since 1 February 2019, Korian has had a new digital tool, Acciline, to track and consolidate all work accident data in real time at the level of each site in France. A PRAP 2S⁽¹⁾ officer is named at each site; these officers are supported by four national officers to promote a culture of prevention among their co-workers.

All countries have reinforced their prevention and health and safety monitoring systems in accordance with legislation in force in each country. In Italy, for example, the management of workplace safety is tightly regulated. It is founded on an employee protection and prevention scheme involving multiple stakeholders (Quality, Medical Prevention, Human Resources, Management, etc.) that is transposed to each site under the authority of the Real Estate function. In Germany, the Group is studying a plan for 2020 to give every employee access to a dedicated app to improve employee health on the job and at home.

Preventing work accidents and occupational illnesses

Korian is especially focused on preventing accidents, assessing occupational risks, and managing work-related stress.

Korian encourages its staff to adopt healthy movements and postures to reduce the risk of occupational illness and accidents. The Korian Academy provides courses for all employees on how to improve comfort and safety when lifting and assisting patients and how to reduce musculoskeletal disorders (MSDs), as well as work-related stress, in conflict situations, for example.

In Belgium, the Occupational Health Department has run special programmes at all facilities on stress management (meditation, breathing, yoga, etc.), road safety, and respect in the workplace.

(1) PRAP 2S: Prevention of risks connected to physical activity in the health and social sector, training for healthcare professions that empowers workers to prevent risks specific to their profession.

Throughout all of Europe, ergonomists are involved in renovation and construction plans and in the selection of suitable equipment for the facilities (patient lifts, electric beds, etc.).

The table below shows the average frequency rate and severity of work-related accidents involving employees on indefinite-term contracts in 2019.

WORK ACCIDENT FREQUENCY AND SEVERITY BY COUNTRY

Frequency rate	France	Germany	Belgium	Italy	Total
2018	84.72	N/A	28.55	68.36	N/A
2019	80	19	33	38	52

Severity rate	France	Germany	Belgium	Italy	Total
2018	3.37	N/A	0.64	1.16	N/A
2019	3.38	0.02	0.69	0.64	1.81

In 2019, the methodology for calculating frequency and severity rates was reviewed and expanded with all countries to converge on the international definitions of frequency and severity rates explained in the note on methodology. In particular, the data for Germany, which were missing in previous years, thus preventing any consolidation at the Group level, are now available. It should be noted, however, that the modes for reporting accidents with lost time vary across countries according to the different workplace health and safety cultures and the accident reporting and compensation systems in each country.

Korian is committed to working actively to improve quality of life in the workplace, which is one of the main thrusts of its human resources scheme. The Group is aware of the high accident rates in the medico-social and health sectors in the countries where it operates. As such, it intends to do its part as an industry leader and become the standard setter in this area as in others. Action plans have been drawn up in all its countries to lower the number of accidents with lost time and to instil in each country a culture of workplace health and safety. Korian is committed to reducing work accident frequency and severity rates gradually under an organised approach.

ABSENTEEISM RATE PER COUNTRY

	France	Germany	Belgium	Italy	Total
2018	8.75%	7.37%	12.23%	3.24%	N/A
2019	10.0%	5.2%	11.6%	7.4%	8.3%

All Group countries have implemented action plans to reduce absenteeism, which causes disorganisation and destabilisation in daily operations. Tackling it with managerial approaches is essential, whether these practices entail better work organisation and adapted scheduling or individual and group support for employees. Improving employee retention and sourcing replacements internally are priorities everywhere and this metric is tracked monthly in each country.

Supporting our staff

Korian strives to uphold the values of availability, attentiveness, and communication to give its employees all the support they need each day. In France, a Social Services Department works to improve employee well-being by offering employees a confidential, impartial place to get information, advice, and guidance, regardless of the problem at hand:

- social or family issue: pregnancy, birth, death, separation, domestic violence, caring for a family member losing their independence, etc.;
- financial worries: help with managing a budget, consumer debt, contacting creditors, etc.;
- health problems: sick leave, disability, part-time work on health grounds, incapacity, impairment, etc.;
- career status: retirement, promotion or transfer, job retention, etc.;
- lodging assistance: request for social housing, loan, back-rent, preventing eviction, etc.;
- exercising one's rights: Family Allowances Fund, social security, administrative situation, etc.; and
- preparation of informational materials: guides for parents and care assistant fact sheets.

In 2019, the Social Services Department was contacted by over 1,600 employees in France.

In parallel, employees in France may call an anonymous, confidential hotline that is open 24/7 to talk, get moral support and gain perspective on a difficult situation they are going through or were witness to. There is a regular reporting process for professional and personal risk factors. The hotline received calls from 500 employees in 2019.

Whenever a serious incident or event occurs at a facility, this hotline may be supplemented with the organisation of support groups. Such groups are co-facilitated by a Korian psychologist and a social worker trained specifically in this technique.

Finally, discussion groups were facilitated by the independent firm Sémaphores in 2019 in connection with the launch of the "In Caring Hands" corporate project.

The discussions sought to gather the opinions of nursing assistants and nurses in France, whether they work days or nights or on permanent or temporary contracts, about their daily experiences on the job. The employees expressed themselves freely, which made it possible to draw a clear picture of their struggles, identify best practices to implement and establish concrete proposals to address priorities, such as managing substitutes, adapting to residents' needs and communication.

In Spain, an occupational risk assessment was conducted at all sites. The supplemental health insurance scheme monitors absenteeism in the workplace and can even perform medical examinations if there are lags in the public health system. Each site also has a Health Committee whose members include employees and Company representatives.

3.3.3 Ensuring employee well-being and quality of life at work

Professional fulfilment, well-being at work and the work-home balance are legitimate personal aspirations for Korian's employees and meeting these goals promotes the greater good within the Group.

The five action areas identified are:

1. stepped-up vigilance on work conditions and quality of life in the workplace;
2. a strong commitment to diversity;
3. individualised training paths;
4. individualised induction programmes; and
5. updates to our work organisation.

3.3.3.1 Ensuring constructive, positive labour relations and respecting employee rights

At Korian, the employee-employer dialogue is a core component of our human resources approach. Because of the diversity of our teams, our multiple geographic regions, and the nature of and conditions under which we do our jobs, it is imperative that we maintain an ongoing, high-level, substantive social dialogue. Our labour relations are rooted in the Group's values of listening to and supporting our staff, in mutual respect and in the quest for pragmatic, appropriate solutions that always seek to equitably satisfy the different stakeholders. In all the countries where it operates, the Group promotes open, high-quality labour relations supported by management and attentive to employee representatives at every level of the enterprise. Its actions in this area adhere strictly to laws in force and take a proactive stance to further strengthen the Korian social contract whenever possible.

In 2019, French employees elected new representatives to replace those who were voted onto the Committees in 2016 and whose four-year terms are expiring. The voting in December 2019 resulted in the re-election without recourse of the employee representatives in accordance with the new Labour law, with the establishment of seven Economic and Social Committees on 1 January 2020, on a simplified regional basis, following on the representativeness in place

in previous years to maintain a continuous dialogue with the major French trade unions. The quality of the employee-employer dialogue resulted in the signing of five agreements in France in 2019 (labour relations agreement, electoral protocol agreement, profit-sharing agreement, MAN⁽¹⁾ agreement laying the groundwork for the new social contract, and collective performance agreement).

Moreover, the Korian group was the first company in its sector to sign an agreement establishing a European Works Council: after a year of negotiations with the special negotiating group, the convention was signed on 29 April 2019. In its introduction, this agreement recognises the importance of labour relations and places the document firmly in the context of community Charters on fundamental social rights, the principles of the ILO⁽²⁾ Declaration on Fundamental Principles and Rights at Work and the due diligence incumbent on parent companies.

3.3.3.2 A fair compensation system

The Korian compensation scheme is a key element in deploying the Company's strategy. It addresses several challenges: attracting and retaining talented employees, involving them in the Company's overall success, ensuring competitive compensation packages relative to its markets of reference, and guaranteeing fair financial recognition by promoting commitment and individual performance.

The priorities of this compensation scheme are to offer employees fair overall compensation packages, adapt to professional practices and to each country, and to regularly check that the Group's compensation is competitive by participating in benchmarks.

The compensation scheme is driven by the "In Caring Hands" corporate project and by the commitments made to employees, including the Company's social contract (co-optation bonus, mentoring bonus). It is part of a global approach to transparency and employee recognition that takes under consideration compensation elements, social benefits and the general framework proposed by the Group: work ambiance, career path and personal development.

(1) Mandatory Annual Negotiations.

(2) International Labor Organization.

There is a global compensation scheme in all the countries in which Korian operates. It consists in a base salary defined according to the local market and collectively negotiated pay scales in each country, variable compensation for some employees (the details of which vary by country and function), and social benefits in line with the laws and practices of each country.

In France, this compensation mechanism is supplemented by an employee savings scheme that is pegged to certain Group objectives.

In all countries, the compensation scheme is adapted to local situations, such as tension on the labour market or local regulations on refinancing health expenditures. Korian harmonises its compensation plan at the local level to treat its employees fairly in a motivating environment. It is reviewed regularly with labour partners, in accordance with local laws.

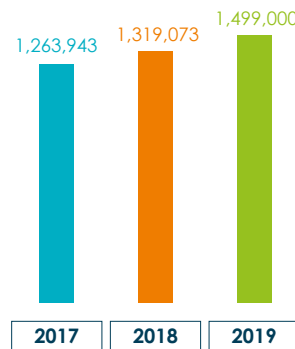
A new pay scheme was negotiated in Germany in 2019 around the notion of a "minimum salary" for nursing assistants and nurses against the backdrop of a broad national debate about the funding of care in Germany, a dialogue that continued into 2020. In France, an agreement on mandatory annual negotiations was signed in July 2019 to incorporate a 13th month of pay into wages and to define the Korian minimum scales for the main positions facing shortages at the Group, namely nursing assistants, nurses and cooks. This proactive approach enhances the appeal of the care sector and reflects Korian's desire to harmonise its pay practices throughout the Group. Similar work is being done in Italy, where salary negotiations in the care sector were taken up in 2019.

Lastly, the Group's compensation systems adhere to gender equality and diversity regulations and goals in all the countries where it operates. In France, the Group improved its score in the diversity index put in place under the 2018 "Freedom to choose one's professional future" law, earning 93 points in 2019 versus 78 in 2018.



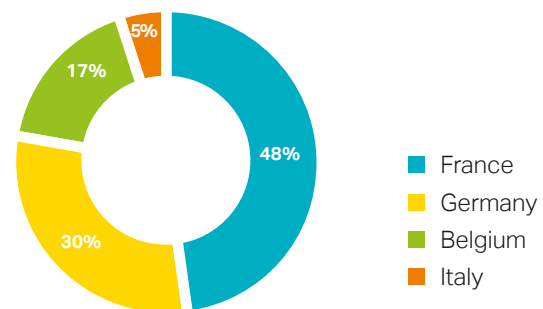
Korian ensures that pay raises and compensation associated with promotions are allocated equitably to the Company's men and women in all its countries. The "fairness ratio", namely the gap between the lowest mean or median salary and that of the Group's Chief Executive Officer, is also presented in the compensation report found in section 4.2.2.3 of this universal registration document.

CHANGES IN GROUP COMPENSATION



The 13.6% increase in overall Group compensation in 2019 versus 2018 is attributable to two key factors: first, the widening of the Group's geographical scope with the growth of activities in Spain and the Netherlands and, second, the elimination of the competitiveness and employment tax credit ("CICE") in France, which led to an automatic rise in personnel expenses.

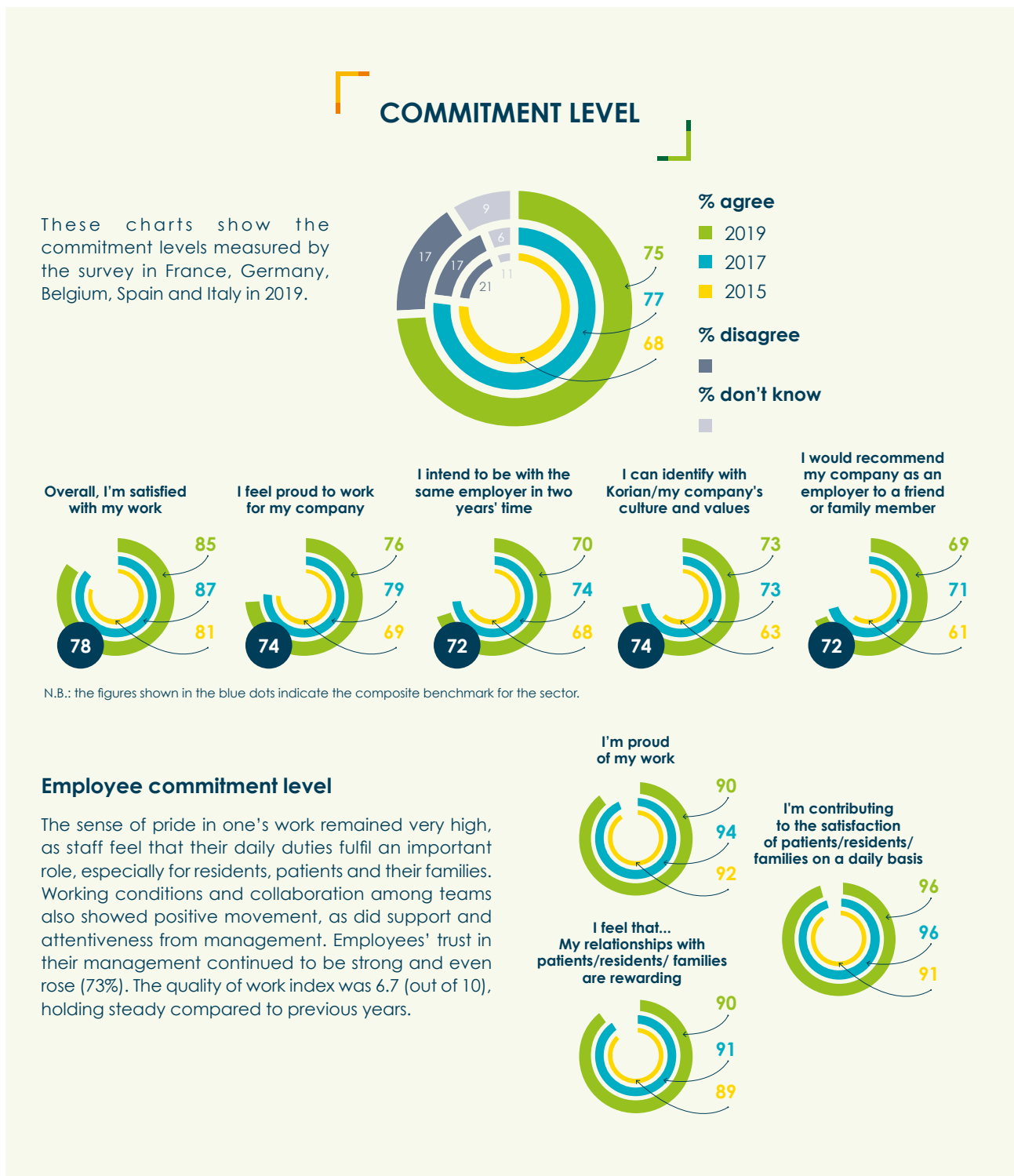
BREAKDOWN OF GROUP COMPENSATION BY GEOGRAPHICAL AREA



3.3.4 *Kommunity*: Korian's very own social barometer

Every two years, Korian works with the independent research institute IPSOS to conduct an in-house satisfaction survey among employees, called *Kommunity*. This survey is part of the Company's managerial approach, which places great importance on listening to employees and encouraging dialogue and participation to continuously improve employee well-being and quality of life in the workplace.

The online questionnaire contains 60 questions on five topics: the employee's role and pride in their work, a sense of belonging at their facility and within the Group, their work environment, collaboration among teams, and skills development.



The most pressing areas for improvement are workplace health and safety, more employee involvement in decision making, better communication about professional development pathways, and compensation. These priorities have been integrated in the eight HR commitments defined under the “In Caring Hands” corporate project.

The Group pledges to continue improving the results of the *Kommunity* survey and to implement specific action plans for front-line workers to further enhance satisfaction among teams. The effort to deploy the new “In Caring Hands” corporate project makes the connection between the post-Kommunity action plans and the eight HR commitments to employees. There is a dedicated platform for each site to submit its action plans.

To foster more frequent contact with all the Group's employees and to monitor the roll-out of “In Caring Hands”, in 2020 Korian will begin issuing a simplified interim questionnaire focusing on the net promoter score.

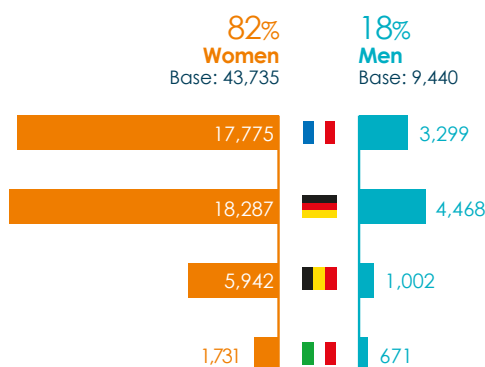
3.3.5 Committed to promoting diversity and inclusion

Korian's teams are impressively diverse. The Group is pleased to have more than 100 different nationalities represented among its operational staff. Because the Group is convinced that this diversity goes hand in hand with progress, innovation and wealth, it makes respect and consideration for others a key component of its managerial practices and employment actions.

3.3.5.1 Teams enriched by their diversity

Korian facilities are in the heart of local communities and women represent 82% of our workforce, which comprises diverse backgrounds, nationalities, and ages, especially in care and service roles.

BREAKDOWN OF EMPLOYEES BY GENDER AND BY COUNTRY



At the end of 2019, 46% of Korian's *Top Management* were women. The Group aims to improve this number to 50% by 2023. Korian's gender equality has been frequently recognised and rewarded in various forms. Honours in France have included the First Prize for Equality (SBF 80 category) and the Equality Prize (Health Facilities and Services category) awarded by the Zimmermann index⁽¹⁾ in conjunction with Ethics & Boards and the Institut du Capitalisme Responsable which measures equality in SBF 120 French stock market companies. In addition, the laws have changed in France, where it has been mandatory, since 1 March 2019, to publish a multi-criteria professional gender equality index⁽²⁾. In 2019, Korian earned 93 points on a 100 scale, adding 15 points to its 2018 result thanks to improvements to the pay raise process for women on maternity leave.

To take under consideration the wide variety of situations linked to managing diversity at all our sites, the Korian group prepared a “Guide to working together”, which came about through an extensive collaborative effort carried out in 2019 and will be made available to everyone in 2020. This practical guide reiterates the Group's values and the principles of our Ethics Charter and encourages dialogue and respect for all one's colleagues regardless of their gender, ability, sexual orientation, or religion. Concrete examples provide clear insights into the issues encountered by employees, analyse the expectations of all stakeholders, and suggest corrective actions.

Korian is also a member and co-founder, with the “*Fondation Agir Contre l'Exclusion*” (FACE), of the first network of European companies committed to preventing violence against women, alongside Kering, Carrefour, SNCF, OUICare and L'Oréal. Information campaigns and in-person and online training programmes were organised in 2019 for Human Resources staff and managers to offer better support to victims of domestic violence within our ranks. The informational activities deployed in 2019 included a roundtable with the Korian Foundation and a micro-learning module on sexist behaviours which was posted online on 8 March 2019 to commemorate International Women's Day.

A European study conducted in 2019 that included Korian employees showed that 20% of women had been victims of gender-based violence, which affects the quality of work and the psychological well-being of the women affected. The CEASE European consortium has set up several tools and Korian will continue partnering with the “OneInThreeWomen” programme in 2020 to improve how violence against women is addressed.

(1) A French diversity index developed by the former parliamentarian Marie-Jo Zimmermann.

(2) The professional gender equality index stipulated in the “Freedom to choose one's professional future” law of 5 September 2018, is published on the Company's website: <https://www.korian.com/fr/pourquoi-travailler-chez-korian>

3.3.5.2 Korian's Disability Mission

For Korian, the Disability Mission project is not just about hiring disabled people in France but is part of an overall approach toward employee integration and retention.

Korian signed its first agreement pertaining to employment and disability in France in 2014 and renewed its commitment to disabled workers for a further three years in 2017. This new agreement is fully aligned with Korian's CSR approach and was signed unanimously by the four representative trade unions. At the end of the first agreement, whereby the employment rate of disabled workers rose to 5.06%⁽¹⁾, Korian chose to pursue its commitment to achieve a rate of 6% with an ambitious new recruitment plan. That goal translates to hiring 225 disabled workers over the three years of the agreement.

Korian partners with several vocational rehabilitation centres and works to include disabled interns as part of their certification programmes. "Job dating" events are organised each year to meet potential candidates. Korian also partners with *Hello Handicap* and, for the first time, in June 2019 it organised a virtual job fair devoted specially to the Group's job offers. These one-week events offer a format that puts job applicants with disabilities in contact with our recruiters.

The Disability Mission task force is also pursuing its work to provide individual assistance to facilitate the retention of disabled employees. This includes providing assessments of their professional situation, processing requests for work adaptation, and providing equipment and tools that help them overcome their limitations.

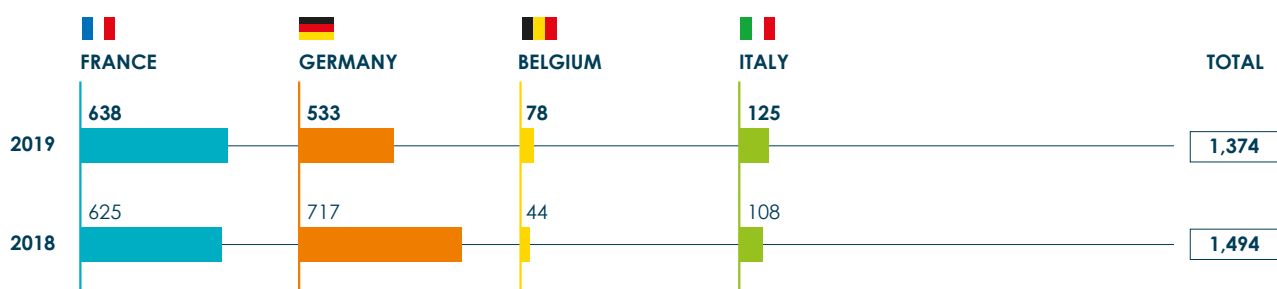
In addition, there are specific communication initiatives every year to educate personnel about this topic with actions including a pamphlet in welcome kits and an annual letter from the Human Resources Department describing the Disability Mission's work and featuring personal narratives from employees. In observance of the 2019 European Disability Employment Week, the Disability Mission sent each facility a large-format poster addressing job retention to raise awareness on potential actions to take.

Italy has some regional agreements for the employment of disabled workers. There are currently no agreements in Germany or Belgium, although both countries comply with the national legislation in this regard.

The law in Spain requires enterprises to ensure that at least 2% of their headcount are disabled, a target met by Korian. In the same vein, a partnership has been formed with the company ILUNION, a specialised job placement centre for disabled workers.

In July 2018, the Group acquired the German company PflegeExperten Kutlu, which was founded in 2013 in Bavaria. The company offers individualised housing services and social activities for non-autonomous disabled people of all ages, so they can maintain social lives inside and outside their residential facilities.

DISABLED EMPLOYEES (FTES)



The figure for Germany was much lower in 2019 compared to 2018. This is due partially to the fact that the country's certificates recognising disabled workers must be renewed every two years and only some of the certificates had been

collected when the books were closed on 31 December. However, the approach on welcoming, recognising and developing disabled employees in Germany has not changed and aligns fully with the Group's HR diversity vision.

(1) The employment rate is calculated based on the obligation to employ disabled workers, in units of disabled worker FTES.

3.3.5.3 For equal treatment at all levels

Korian prohibits any discrimination based on the age, gender, sexual orientation, health, ethnic origin, nationality, political opinions, or religious beliefs of individuals. The management and professional development of staff is based on the principle of equal opportunity. Performance, career potential and personal skills are essential criteria for career advancement and pay raises. The Group believes that diversity is a valuable asset and endeavours to reach all professionals in its sector through its recruitment communication.

In France, the Quality of Life at Work agreement signed in October 2017 includes provisions on equal job opportunities for women and men, guaranteeing that:

- job offers are presented equitably in a gender-neutral manner to men and women;
- all job applications are treated equally (all Facility Directors are provided with a guidebook on recruitment);
- all employees have equal access to promotion and new job opportunities based on skill requirements;
- men and women receive equal pay for the same level of responsibility, education, ability, professional experience, and number of work hours; and
- part-time employees are paid proportionally as much as full-time employees.

The agreement also includes measures pertaining to parenting and has brought in a maternity booklet outlining the rights of pregnant women. Furthermore, a new guide was published in 2019 to support employees who have lost a loved one. In Germany, Belgium and Italy, the Group complies with local laws and regulations to prevent all forms of discrimination. If necessary, discrimination matters may be referred to specialised external organisations.

In addition, to help promote women to key positions and to management, under conditions of equal skill and equal access, all lists of candidates being considered for such roles must include at least one woman, especially when naming senior managers. A Korian "Women's Club" was formed in March 2019 to encourage diversity within the Company and create opportunities to share best practices for recognising and promoting women at the Group. The goal to have 50% of women in top management positions will better reflect the gender composition of the Company and ensure that executive management tracks are as accessible to women as they are to men.

A plan to promote equality and combat harassment in the workplace and sexual harassment has been deployed to facilities in Spain.

Finally, in 2017 Korian signed a Commitment Charter with the gay rights group *L'Autre Cercle* to promote the inclusion of lesbian, gay, bisexual, and transgender (LGBT) people. By adhering to the Charter, Korian guarantees an equal opportunity environment that respects all forms of diversity, in regard to both colleagues and the residents and patients at the Group's care homes. This will be largely achieved by running training courses and awareness campaigns among managers and teams.

To this end, a micro-learning module to raise awareness around this issue was posted online on 17 May 2019, the International Day Against Homophobia. Along the same lines, Korian Germany signed a Diversity Charter in March 2019 at an event attended by top managers from Germany and France.



Sophie Boissard, Group Chief Executive Officer, and Arno Schwalle, Chief Executive Officer, Korian Germany, sign the Diversity Charter.

As part of the *Kommunity* social barometer survey in 2019, Korian employees were asked about their perception of equal treatment in terms of sex, age, religion, ethnic origin, sexual orientation, and disability potential. On average, more than 80% of employees in all five countries where the Group operates said they were satisfied, for all items.



This **Diversity Charter signed by Germany** was first created in 2006 and now has over 3,000 signatory companies, including Daimler, Deutsche Bank, Deutsche Telekom and BP.

KORIAN MANIFESTO

✓ COMMITMENT NO. 3

MAKING A POSITIVE CONTRIBUTION
TO THE LONGEVITY SOCIETY

Devote **1%** of Group net profit
to funding philanthropic
endeavours

A **Stakeholders Council**
in every country
by 2023

5 scientific publications
per year

2019

0.5%

1
Stakeholders
Council5 scientific
publications

COMMITMENT NO. 3 TO THE LONGEVITY SOCIETY

"Our expertise in the field of caring for elderly and fragile individuals entrusts us with a unique role in society and in caregiving services.

The **Korian Foundation** for Ageing Well conducts fundamental research and experiments in conjunction with a network of academic and scientific partners in **four areas of interest: maintaining independence, prevention** as an active tool to preserve independence, **the social utility of the elderly**, and **solidarity**, especially toward women on precariousness. In line with these topics, Korian participates actively in the "*collectif des 35*" French enterprises which are jointly committed to a programme to create employment opportunities for disadvantaged young workers through apprenticeship and continuing education and to provide job placement assistance to the most disenfranchised.

Concretely, in the coming years:

- We wish to continue supporting scientific research and our goal is to support at least **five publishable research projects**, through our Foundation network.
- We pledge to set up a **Stakeholders Council** in each country, in addition to France.
- We pledge to set aside at least **1% of our annual net profit** for research and philanthropic pursuits."

3.4 Making a positive contribution to the longevity Society

3.4.1 Changing the way society views old age



Seeking to expand avenues of exploration in the search for techniques to cope with this revolution in the ageing process, Korian created the Korian Corporate Foundation for Ageing Well in September 2017. The actions of the Korian Foundation for Ageing Well advance three goals:

- support and participate in scientific research work to develop and assess new therapeutic approaches;
- conduct social studies to change attitudes about ageing and encourage society to have a more inclusive vision of the elderly, regardless of their physical condition, age, or family status; and
- support social and technological innovation in the service of ageing well.

Inspired by the positive reception of the Foundation's work in France, Korian decided to also set up a foundation in Germany. It began operating at the start of 2020 under the direction of Elisabeth Scharfenberg, a former member of the Bundestag with a background in the care sector who is known in Germany for her expertise on care matters. The efforts of the Korian Foundation Germany will focus on workplace health and safety in the care sector.

3.4.1.1 The Korian Foundation for Ageing Well

Through the efforts of the Foundation, the Group aims to assert itself as a committed participant in the social integration process, able to mobilise its employees, residents and patients, as well as the general public, the scientific community and public and private sector actors, to cooperate on meaningful projects in support of a crucial issue: inclusion.

Inclusion means enabling all persons, regardless of their characteristics, to be a full member of society and its organisations.

Based on this perspective, and under the aegis of its Scientific Committee, which is chaired by the sociologist

Serge Guérin, and comprises researchers, academics, practitioners, caregivers, designers, and heads of associations, the Foundation focuses on the following action areas:

1. the impact of robotics and artificial intelligence on quality of life for residents, patients, and care professionals;
2. recognition of careers in the care sector;
3. solidarity and inclusion; and
4. support for senior independence.

With the grants allotted in 2019 to its Foundation and the direct contributions made to non-profit associations and research organisations, such as the Foundation for Medical Research or the INSERM in France, the Group spent 0.5% of its net profit on philanthropic endeavours targeting three areas of activity:

- medical research, especially on neurodegenerative diseases;
- job placement and retention for young workers; and
- advocacy for women in fragile situations.

3.4.1.2 Scientific research and social studies conducted by the Korian Foundation

In 2019, the Korian Foundation focused its work on preventing loss of independence and promoting careers in caregiving and the silver sector.

New applied research programmes began in the first quarter of 2019

These aim to support care professionals in updating their practices, especially in the context of the *Positive Care* approach rolled out to Korian's homes and clinics. The work programme includes:

- an assessment of the benefits of hypnosis in caring for patients with pain, anxiety, and sleep disorders, in partnership with the National Union of Hypnotherapists ("SNH") and Université Paris Descartes; and
- an assessment of the impairment of "executive function" in nursing home residents. This study, carried out in partnership with the Autonomy-Longevity Gerontology Centre in Pays de la Loire (Professor Gilles Berrut), will allow us to offer appropriate training to carers and develop

targeted support plans for residents using non-drug therapies adapted to executive function impairment.

Scientific partnerships

A new scientific joint arrangement was initiated in 2019 with the Robotics By Design Lab at the STRATE school of design. It brings together service robotics specialists to create and evaluate new practices, uses and objects in a user-centric approach:

- re-imagine the nursing home experience and the contributions of robotics solutions to the elderly ecosystem;
- define the role of robotics in nursing homes; and
- create new living formats and settings with robotics solutions.

The three-year project will be managed in close collaboration with several pilot facilities in the Korian network and will culminate in the publication of a thesis. The consortium agreement was signed on 9 December 2019.

A partnership centred on training and research was also finalised with Université Paris-Descartes to pursue two goals:

- organise scientific gatherings for the Korian medical community. The first Science Day on the topic of "Older Patients and Cancer" took place on 30 January 2020; and
- conduct a multi-year joint research project. The first collaborative study was launched in 2019 to study the effect of hypnosis on pain and anxiety symptoms in post-acute and rehabilitation care clinics.

Finally, the Foundation is partnering with the INSPIRE project, a unique centre in France working on prevention, ageing in healthcare and rejuvenative medicine that was created by the Toulouse Gerontology Centre. Its work in fundamental research, preventive and therapeutic medicine, and health and social training involves all the stakeholders in the regional ecosystem with the support of the World Health Organization (WHO). The Korian Foundation will help fund a Research Chair to assess the impact of outpatient care (day hospitals) in post-acute and rehabilitation care clinics on restoring independence and the quality of returning/remaining at home.

Social projects

In preparation for the fourth European Barometer which will take place in 2020, the Korian Foundation carried out a **qualitative study on location and longevity**, consisting in 56 interviews at 16 facilities in France, Belgium, Germany, and Italy. The study highlights how vital the matter of location is to seniors. A welcoming location is above all a living area where individuals have control over their destiny and their daily affairs. The relationship to one's location derives from an individual's personal history, state of mind, social status and more. This work also shows that for the

elderly, whether they live at home or in a long-term care nursing home, regardless of their autonomy, the town scale is the most meaningful factor. The town is associated with human interaction, nearby shops, and trips on foot. The results, which were released in January 2020 during a Korian Foundation roundtable, will form the basis of the relevant section in the 2020 questionnaire used for the European Barometer on Ageing Well.



In 2019, the Korian Foundation produced and shared its first podcast series, "Senior Voices", whose theme was "Once upon a time: women". These days, gender identity and equality are hot topics, so the Korian Foundation and Sophie Pillods, radio producer and creator of "Oreilles en Balade" (winner of the 2018 Korian Foundation Award), wanted to develop a podcast series featuring our most senior citizens. Sophie Pillods lent her ear to the generation that lived through the adoption of fundamental laws, such as those recognising women's suffrage and joint parental authority. The idea led to an eight-episode series about and with women, organised into two parts: the first on sexuality and intimacy and the second on politics and social affairs. The podcasts aspired to share the viewpoint of the elderly, enabling us to hear life stories that give us precious insights into our history and light the path forward. The podcasts were streamed 22,000 times on the Stay Tuned platform.

The Korian Foundation worked with the Passerelle Assist' Aidant association to assess the social, psychological and medical support resources provided on an experimental basis to family caregivers for a loved one who lives in a nursing home to evaluate the impact of the resources on their quality of life and that of their family.



The second edition of the Korian Foundation Award, with returning partner La Fonda again in 2019, recognised a local initiative that empowers the elderly with freedom of choice and personal agency: the **Perche Digital Seniors** project. In three years, the programme has provided digital training to over 1,000 seniors aged 60 and up in Le Perche, a region of central France. Perche Digital Seniors created a *Passeur d'Usages* seal for senior clubs that play the role of influencers by sharing the training with their peers. It has also created a Living Lab for Personal Services in the region, in collaboration with local companies and start-ups, to co-develop connected objects and e-health solutions.

Finally, the Korian Foundation renewed its partnerships with associations that help young people from disadvantaged backgrounds find work in an effort to change the way younger generations perceive careers in the silver sector and to draw in new talent:

- building on the joint arrangement begun in 2018 with **United Way L'Alliance**, the Korian Foundation continued its support of the *Défi Jeunesse* programme aimed at supporting 15,000 middle school students by 2020 to prevent school drop-out. The programme's toolbox includes introductory internships at clinics and nursing homes and mentors to help with developing a career plan. In 2019, Korian facilities hosted 193 middle school students on internships;
- a new partnership was entered into with *Article 1^{er}* in 2019 to assign mentors to secondary school students from underprivileged backgrounds to help them plan careers and succeed. Ten secondary school students have been mentored by the Korian group Management Board since September 2019.

Scientific publications



In 2019, the Foundation participated in the publication of several scientific articles:

- "*Les TNM : réussir leur mise en œuvre en établissement*" ("Successfully implementing non-drug therapies in facilities") (Mathilde Tro, Aude Letty, Paul-Émile Hay, Didier Armaingaud, Stéphane Sanchez – *Revue Médecine Cognition et Vieillesse* – April 2019);
- "*DemAsCH : une approche pragmatique pour améliorer la prescription des anticholinergiques masqués*" ("Hidden anticholinergics: Improving the quality of prescriptions in nursing homes") (Stéphane Sanchez, Paul-Émile Haÿ, Biné Mariam Ndiougue, Dimitri Voilmy, Karine Lan, Aude Letty, Jean-Luc Novella – *Revue Médecine Cognition et Vieillesse* – December 2019);
- "Multiple factor analysis of eating patterns to detect groups at risk of malnutrition among home-dwelling older subjects in 2015" (Sanchez MA, Armaingaud D, Messaoudi Y, Letty A, Mahmoudi R,4, Sanchez S. *BMJ Open*. 2019 June 29).

The Foundation also exhibited posters at scientific conferences:

- Interdisciplinary Conference of Geriatrics Professionals (April 2019): "*Impact d'une campagne de sensibilisation en EHPAD et SSR sur la vaccination antigrippale du personnel soignants et des résidents*" ("Impact of an awareness campaign in long-term care nursing homes and post-acute and rehabilitation care clinics on flu vaccination of residents and care staff"); and
- JASFGG 2019 National Conference: "*Améliorer la survenue d'effets indésirables liés aux anticholinergiques par la mise en place d'indicateurs de suivis : l'étude DEMASCH*" ("Anticholinergics study: Improving the occurrence of adverse effects linked to anticholinergics with indicators").

3.4.2 Supporting research and innovation for care practices

The Korian Foundation has a resolutely outward focus on its environment and ecosystem, and regularly holds debates and roundtables that contribute actively to advancing society's perception of ageing.

Korian Foundation morning sessions



Talk by Dr Mariuccia Rossini, Chairwoman of the Board of Directors of Segesta (Italy) at the graduation ceremony for students completing "Health and Healthcare" training at the University of Bocconi.

In 2019, four morning sessions held in Toulon, Poitiers, Paris and Affligem (Belgium) drew 860 employees to address the topic of social utility and the elderly in a presentation called: "I'm old – so what?".

With the help of the Northern France region, Belgium organised its first morning session in 2019. On 17 December 2019, there were 250 participants on hand for this first in Affligem on the same subject, "I'm old – so what?". These morning sessions marked another milestone when residents participated in two of the three events.

Korian Foundation roundtables



9th Korian Foundation roundtable on the topic "Caregiver even in the nursing home?" led by Serge Guérin, Chairman of the Scientific Committee.

The five roundtables scheduled by the Foundation throughout the year brought together healthcare professionals, policy makers and start-ups to debate ageing-related issues facing society and the Company:

- 31 January: Caregiver even in the nursing home?;
- 11 April: Jobs like no others;
- 20 June: Better screening for better support;
- 12 September: The nursing home of the future or the nursing home of tomorrow?; and
- 28 November: Women in the care sector.

Over 440 employees came to participate in the Live Point session and 3,500 people were able to follow the discussion in real time on social media.

Other Korian research initiatives

Korian also supports research on Alzheimer's disease and related disorders. Korian partners with the France Alzheimer association and was present at the France Alzheimer Village on International Alzheimer's Day which is held on 21 September every year. More specifically, Korian funds the charity's support scheme for family caregivers, which offers services such as discussion groups, one-to-one support, relaxation sessions and training. In Italy, the Group backs the communication and research efforts of numerous local and national associations: *Federazione Alzheimer*, *Amici del Centro Dino Ferrari*, *AIMA*, and so on. Korian has also created a dedicated "Stop Indifference" website (www.spezialindefferenza.it) that provides important information on the difficulties encountered by Alzheimer's sufferers and their loved ones along with useful advice.

In April 2019, employees from Korian France and Korian Belgium took part in an international conference on artificial intelligence. The goal is to move into this field of research with partners in France, Belgium, Canada, and Lebanon.

Alzheimer Laboratory – A journey into the disease (Italy)

This lab comprises 400 square metres in which a path recreates the sensations experienced by Alzheimer's patients to help others better understand their needs.

It takes about **30 to 40 minutes** to complete the path, which is divided into stages. After starting inside the "**emotional rooms**", the journey continues with "**A mindful home**", a more practical section illustrating how to adapt home environments to the needs of Alzheimer's patients with tips and tricks on lighting, colours, and furnishings. In 2019, this project was captured in a 3D film that can be viewed using Oculus VR.

3.4.3 Embracing digital innovation

Digital innovation, a key component of the Korian strategy, is a major driver of transformation in which the Group is investing more and more.

The Group's pioneering approach will give it a head start as it reinvents the care and support professions in the coming years. This head start will position the Group as a trusted provider of quality services throughout the health pathways of residents and patients, both before and after they are treated in clinics and long-term care nursing homes.

Digital innovation will transform Korian in two essential ways:

- adaptation of how clinics and long-term care nursing homes operate to improve the daily experience for residents and patients, the work environment for employees, and the quality of service; and
- capacity to create true care networks, outside our walls, to help people in their homes and build bridges with medical care.

To accelerate and support the Group's digital transformation, in 2018 it created Korian Solutions, a digital agency tasked with:

- defining and deploying the Korian Home strategy; and
- improving quality of life for seniors and enhancing the quality of service provided by our teams each day.

The main projects completed in 2019 were:

- the launch of Oriane, a digital platform offering an array of home care services to make life easier for care recipients and their families, all under a single brand using a care pathway approach;
- the K'loT (Internet of Things) project addressing the digital transformation of facilities;
- a CRM project which includes building a business and operational management tool; and
- the Telemedicine project which led to the acquisition of Omedys with a country-wide deployment plan.

Digital projects accounted for 46% of all Group IT projects in 2019.

3.4.3.1 Enhancing quality of life for residents

Digital transformation of facilities

Korian Solutions rolled out K'loT, an ambitious project to gradually connect all Korian facilities to one another and to all the Group's stakeholders, in particular through the use of digital systems which are being tested at three sites: Maison Castel Voltaire (Châtillon), Maison Les Catalaunes (Châlons-en-Champagne), and "Estela **post-acute and rehabilitation clinic**" (Toulouse).

The digital solutions can:

- make everyday life easier through residential automation with features such as centralised room controls (lights, window coverings, temperature, call buttons, etc.) and immersive screens that project extra-large photos and videos;
- make building access more secure: electronic locks with access authorisation by zone and by time (residents, families, employees), access via connected wristbands; and systems to detect when residents fall in their rooms and in common areas;
- strengthen social ties and reassure residents and their families via an app for residents and families that is built into the resident's television to receive messages from family and friends, see facility notifications and send Skype-like messages in a simple, intuitive way; and
- improve quality of life in the workplace with an employee app offering video connection when call buttons are used, centralised patient information, ability to communicate with family and more.



A connected room.

Thanks to this work, Korian received **in 2019** one of five Grand Prizes for Digital Acceleration, in the Human Resources/ Human Capital category, at the first edition of these awards organised by BFM Business. The trophy recognises the ambition, innovation, and bold vision of the best digital transformation initiatives in French companies.

A mobile app to stay in touch with loved ones

Knowing that the family members of residents in its facilities are often widely dispersed throughout the country and that they increasingly use the Internet, Korian wanted to explore new ways for them to communicate with their families and with younger generations to maintain social bonds. Working with the start-up Familéo, Korian developed the Korian Générations app in 2017. The app meets the need to reinvent intergenerational communication and to make it easier for residents and patients to keep in touch with their families by reconciling the digital technologies used by younger generations with seniors' preference for paper documents.

The app enables family members and friends to share a private message or photo via their smartphone or the network's dedicated website. These messages and photos are automatically formatted and regularly printed out in the form of a gazette that is sent out to each resident of a Korian nursing home. Facilities can also post messages to keep a resident's family or specific family members informed of his or her life at the **nursing** home.

Korian Solutions has now developed Korian Familles, a new app with even more features which it plans to roll out to a large portion of the network after successful experiments in 2019.

Tablets to facilitate interactions with the care staff

Korian is expanding the use of tablets in interactions with residents and patients to build trust when providing care and to encourage their participation in activities in facilities:

- In Germany, sites are now using the "Dementia-Tablet PC," which offers features and activities (such as films, games and cartoons) that are specifically designed for people who suffer from dementia and other cognitive disorders. This unique tablet computer, which is simple to use and requires no Internet connection, makes it easy for residents to communicate and stay in contact with medical staff and their loved ones.

- In Italy, some facilities have made it possible for residents and their families to pre-select their menus on "Ristocloud", a dedicated website, and obtain information about meal ingredients and their origin, allergens, and calories. Using a tablet computer, medical care teams can thus help each resident select the meals they would like for the week, which considerably improves satisfaction while reducing food waste.

3.4.3.2 Bolstering efficiency and making more time each day

Digitalisation also enables Korian's staff to free up more time to focus on the quality of care and to further improve workplace health and safety thanks to automated or digitised equipment that brings more ease to everyday tasks.

Anticipating and planning substitutes

A partnership was signed in France with the start-up medGo to develop a platform to manage substitutes for hospitality and care staff between facilities. This automated service will significantly reduce the time teams spend looking for substitutes thanks to a database of qualified replacement personnel and their availability. The solution was designed to allow nearby facilities to share resources. Managers and substitutes can communicate via SMS, which allows for more responsiveness. This initiative won the "HR Start-Up Innovations Award" in the recruiting category in 2018.

In 2019, Korian Belgium introduced "SLG App" for all its employees, who can use the app to increase and enhance communication among personnel throughout the country.

Digital monitoring of care pathways

The Group has supplied its care staff with digital devices so they can monitor in real time a variety of metrics and criteria associated with caring for residents and patients (real-time treatment traceability, monitoring of medication consumption, etc.) and better coordinate continuity of care across shift changes.

The Group has identified average time savings of about two hours per day for a nursing manager, which translates to enhanced comfort and quality of life in the workplace for everyone.

“Net Soins Mobilité” in France – At the urging of the Seniors Medical Department, Korian sent 3,500 tablets to all its long-term care nursing homes with two objectives: improve quality of life in the workplace for care staff and institute real-time electronic tracking at the point of use when medication or treatment is given, for example.

“Equipe” in Italy – Korian completed the roll-out of the Equipe software to all its sites, nursing homes and clinics. It enables staff to schedule, view and record all the care procedures that are to be and have been performed, for each resident in their unit. Saving time, traceability and better quality of services are just some of the benefits of the app, which can also be downloaded onto a tablet.

In addition, the “Inter Check” computer program, developed with the Mario Negri Institute, will be deployed at all Italian facilities in 2020. The program is used to optimise the prescription of medication to reduce the use of medicines and their side effects. Other robotics innovations developed by start-ups are being tested at Korian facilities in Italy, including the intuitive robot Hunova and the Movecare virtual carer.

The digitalisation of information systems is under way in Germany and Belgium.

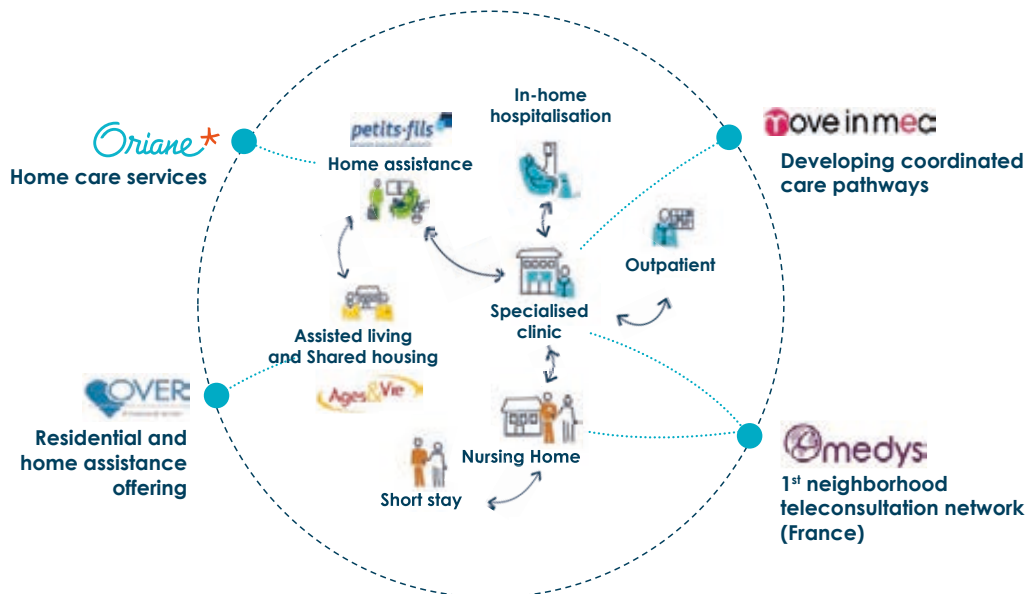


3.4.3.3 Developing enhanced care services beyond our walls

Digital technologies are a way to expand our impact beyond our walls, creating bridges between the Group's facilities and the entire medico-social ecosystem (hospitals, ambulatory care providers, health authorities and social services, local governments, etc.) for a local, partnership-based approach to create connected care pathways suited to the needs of each care recipient.

In 2019, Korian invested in four projects to develop digital platforms that facilitate relations between care professionals and people who are fragile or losing their independence:

- **Oriane** is a comprehensive home services solution to complement the physical network of Petits-Fils branches that combines the potential of digital with consultations by care and treatment professionals;
- **Over** was created in Italy to develop a new “beyond our walls” residential offer for elderly or fragile individuals. It includes a portfolio of independent homes and small shared residences for seniors, all of which is backed by a medical assistance platform and à la carte home services to expand the outpatient activities proposed by Korian facilities;
- **Omedys** is a company that specialises in telemedicine to deploy locally based teleconsultation services throughout France starting in 2020. These services will contribute to providing continuous medical care in rural living areas, in support of general practitioners, and to meeting the needs of residents and teams within the Korian network;
- **Move in Med**, an e-health start-up that received the top Prix Galien Award in 2018, is currently considered one of the most innovative companies in its field. Move in Med offers specific expertise in consultancy, technological innovation and training for healthcare professionals and facilities. The care pathways it designs combine personalised support for patients with their own digital healthcare space, which centralises data and events relating to their healthcare pathway and facilitates interaction and cooperation between the medico-psycho-social healthcare professionals involved in their care. Move in Med collaborated on the design of the Oriane platform and was commissioned by Korian to develop the first online platform for in-home monitoring of patients with chronic obstructive pulmonary disease.



3.4.3.4 Supporting innovative projects with the “Korian Innovation Hub”

Korian Innovation Hub is an online platform where innovative in-house and external projects can be submitted, centralised, and aided as a way of championing innovation in the elderly care sector. This platform is aimed at businesses, from start-ups, sole traders and small- and medium-sized enterprises (SMEs) through to big corporate groups, and Korian employees who want to submit an innovative project on the following topics:

- improving quality of life for care home staff;
- enhancing the role of the elderly and their social relations;
- the Internet of Things for the resident/patient pathway; and
- rehabilitation solutions and innovative technical resources.

Projects are selected and monitored by a multidisciplinary committee.



KORIAN MANIFESTO

✓ COMMITMENT NO. 4

BEING A COMMITTED LOCAL PARTNER IN THE TERRITORIES, LIVING AREAS AND LOCAL COMMUNITIES



COMMITMENT NO. 4 TO LOCAL COMMUNITIES

"Our expertise in the field of caring for elderly and fragile individuals confers on us a unique role within the **local communities** where we operate: we believe that we are an active, integral part of the regions as creators of stable, sustainable and inclusive employment and as participants in local public health policy.

Our facilities are woven into the fabric of society because of the nature of our work, our in-house and mobile care teams, and the local interactions they spark between generations. Many Korian facilities are deeply involved in the life of their communities through associations and tangible projects, and through the Social Life Councils set up to foster a dialogue between city government, care centres, and families. Our facilities also contribute to their local economies.

Mindful of this role, we have made the following commitments:

- **100% of sites engaged in a project for their community;**
- **Social Life Councils at 100% of sites; and**
- **at least 70% of purchases done locally** (in one of the Group countries)."

3.5 Being a committed local partner in the territories, living areas and local communities

3.5.1 Communicating transparently with all stakeholders and local authorities in each country

Korian facilities are rooted in their communities and outwardly focused. They have a positive influence on local socio-economic development and strengthen the connections between generations.

3.5.1.1 Stakeholders Councils to give the Group insights on the social challenges of ageing

On 17 October 2019, Korian stood up its Stakeholders Council, the first in the industry. It is chaired by Dr Françoise Weber, the retired Deputy Director of the French Agency for Food, Environmental and Occupational Health & Safety (ANSES). This independent council is a forum for discussion and analysis. Its 14 members are tasked with giving Korian insights on the key challenges facing the Company and social issues around ageing. It holds at least two plenary sessions per year. The Council members include resident, patient and senior representatives, such as Marie-Françoise Fuchs, founder of the Old'Up association for the elderly,

Jacques Dessene, resident and Chairman of the Social Life Council at a nursing home, and Alain-Michel Ceretti, President of Le Lien, an advocacy group for patients and healthcare users; physicians and care professionals, including Jérôme Vandekherkhove, a rehabilitation manager and secretary of the Korian Central Works Council; experts in planning, living environments and uses, such as Jean-Paul Viguier, an architect and urban planner, Jean-Philippe Arnoux, Vice-President for the Silver Economy and Accessibility at Saint-Gobain; and researchers like Julien Damon, sociologist and associate professor at Sciences Po.

During the Covid-19 crisis, the Korian Stakeholders Council met several times and played a decisive role in managing the situation.

3.5.1.2 Regulatory practices

The European elderly care sector in which the Group operates is tightly regulated and closely monitored.

The following table summarises the regulations and provisions which govern pricing and financing assistance for Korian's services in each country where the Group does business.

Country	KORIAN's services	Regulations	Pricing	Financial assistance
France	Long-term care nursing homes (LTCNH)	Licenses jointly delivered by the Regional Health Agency (ARS) and the Departmental Council, valid for 15 years.	Three price components: <ul style="list-style-type: none"> • healthcare funding set by the ARS; • flat overall dependency funding set by the Departmental Council; • accommodation/ancillary services, with initial rates freely set and then subject to annual increases decided by ministerial order. 	Care: 35% of costs covered by Health Insurance (Assurance Maladie). Dependency: partly covered by the Personal Independence Allowance (PIA). Accommodation: potentially covered by means-tested social welfare or individual housing grants.
	Home nursing services (HNS)	Licence delivered by the ARS.	Directly and fully covered by Health Insurance.	Financed by Health Insurance, on prescription.
	Assisted living facilities		Two price components: <ul style="list-style-type: none"> • rent, fees charged for common rental services and for nonindividual services via a property lease agreement; • individual services via a services contract. 	
	Shared residences for seniors	To receive home assistance and support services: licensed by the Departmental Council corresponding to the place where the services are provided.	Two price components: <ul style="list-style-type: none"> • rent and rental expenses; • fees for home assistance and support services. 	Partly covered by the Personal Independence Allowance (PIA).
	Post-acute and rehabilitation care clinics	Licence by the ARS, valid for 7 years (renewable).	Three price components: <ul style="list-style-type: none"> • care, with rates set by the ARS; • activity-based care allowance rates (DMA), set by the Ministry of Health; • ancillary fees, with freely set rates. 	<ul style="list-style-type: none"> • Daily rates (90%) paid by Health Insurance (rates dependent on the service provided and medical billing code). • Activity-based care allowance rates DMA (10%) paid by Health • Insurance (dependent on conditions treated)
	Psychiatric clinics	Licence issued by the ARS, valid for 7 years (renewable).	Two price components: <ul style="list-style-type: none"> • care, with rates set by the ARS; • ancillary fees, with freely set rates. 	<ul style="list-style-type: none"> • Daily rates paid by Health Insurance (rates dependent on the service provided and medical billing code).
	Hospital Home Care (HHC)	Licence delivered by the ARS.	National rates set by the Ministry of Health.	Financing by Health Insurance.

Country	KORIAN's services	Regulations	Pricing	Financial assistance
Germany	Nursing homes	<p>It only takes an operating licence from the administrative authority to be able to open a retirement home.</p> <ul style="list-style-type: none"> To obtain funding from a dependency insurance fund, an agreement must be reached with the fund beforehand as regards the type, content and volume of services that the facility must provide. There are specific regulations in some Länder on the rates charged for individual rooms in long-term care nursing homes, with compliance required between 2018 and 2036. 	<p>Operators are free to negotiate certain components of their rates with the welfare services and/or health insurance funds:</p> <ul style="list-style-type: none"> care: all expenses not relating to services or real estate; services: all expenses relating to accommodation services; investment: rents and rental expenses; training: funding to train apprentices. 	<p>A distinction between three different types of costs:</p> <ul style="list-style-type: none"> medical-social costs (dependency services, medical care, social assistance): paid by health insurance funds depending on the degree of dependency. The amount of funding provided is capped in absolute terms. Any remaining expenses must be paid by the patient, who may receive social welfare; investment costs (the costs of building or renovating buildings, procurement of capital goods, etc.): partly funded by the Länder's or municipality's public funds. The rest is paid by the residents, who may receive social welfare; accommodation and catering costs: payable by the resident, who may obtain social benefits to help cover accommodation costs. <p>Facilities can also offer ancillary services which the resident pays for.</p>
	Assisted living facilities/shared residences for seniors		Rates freely set by operators, taking market prices into consideration.	
	Home care services		<p>The rates for home care services are negotiated with the health insurance funds in each Länder, based on a catalogue of standard services.</p> <p>The operator is free to define pricing for any additional services.</p>	Financing by Health Insurance.

Country	KORIAN's services	Regulations	Pricing	Financial assistance
Belgium	Care homes (including care homes for the elderly and nursing and care homes)	<p>An operating licence must be obtained to open a care home. Licences are delivered on the basis of healthcare programmes (quotas are calculated by region and must be approved by the regional authority).</p> <p>A special licence is required to open a nursing and care home. It is delivered by the regional authority which also monitors and controls facilities under its authority.</p>	<p>Catering and accommodation: the daily rate paid by residents is set freely when a nursing home is first opened. It is then indexed to the consumer price index with a cap on annual increases. Any substantial increase in a daily rate beyond this must be applied for and substantiated, and requires the approval of the regional authorities.</p>	<p>Dependency care was funded by a federal body (INAMI) up until 2019. As of 2019, reimbursements are managed by the country's three regions.</p> <p>Approximately 44% of the daily rate is reimbursed by the social security system.</p> <p>The cost of care is reimbursed in proportion to the resident's degree of dependency and illness (according to the "Katz Index").</p>
	Assisted living facilities	<p>In Flanders, the construction of assisted living facilities is no longer governed by a regional healthcare programme. Such facilities simply need to be registered.</p> <p>In Wallonia, construction is no longer governed by healthcare programmes either. However, certification must still be obtained from the public authorities.</p>	<p>Operators are free to set daily rates when they open a facility, but any pricing changes are governed by strict regulations.</p>	
	Home care services	<p>A nursing assistant certificate is required.</p>	<p>Home care services are regulated by the three regions and may be divided into two distinct groups:</p> <ul style="list-style-type: none"> • services that are subsidised by the regional government and reimbursed on the basis of a maximum number of care-provider hours; • purely material services, which are paid for with service vouchers. 	<p>Medical care provided at the request of a physician is almost free of charge to the patient. Costs are reimbursed by INAMI depending on the type of medical care provided.</p>

Country	KORIAN's services	Regulations	Pricing	Financial assistance
Italy	Nursing homes	Opening a nursing home requires authorisation and accreditation with minimum standards established by the federal government. Regional governments can, however, impose their own standards of quality (which can be more stringent than the minimum threshold).	Healthcare services are provided free of charge by RHAs (Regional Health Authorities) in the facilities. Nursing home rates break down as follows: <ul style="list-style-type: none"> • treatment rates: accounting for 30% to 50% of the total price; • accommodation rates: accounting for 50% to 70% of the total price. They are established by the regional authorities. But certain regional authorities leave it up to operators to set them (Lombardy, Veneto); • supplement: for comfort services paid by the resident who requests them. 	The regional authorities will provide funding subject to accreditation being obtained. Lombardy has introduced a healthcare budgeting system for long-term care nursing homes which must set their budgets each year. <ul style="list-style-type: none"> • Care services are fully covered by the Regional Health Authorities. • Accommodation services may be covered by the municipality or mutual insurance company depending on the resident's circumstances.
	Specialised clinics	Opening a specialised clinic requires authorisation and accreditation with minimum standards established by the federal government. Regional governments can, however, impose their own standards of quality (which can be more stringent than the minimum threshold).	Rates are set by the regional authorities, but operators are free to set the prices they charge for comfort services. A supplement will be paid by the resident who requests such services.	The daily rate is covered by the Regional Health Authorities. Comfort services are paid for by the patient who requests them.
	Assisted living facilities	An authorisation is required, but there are no specific regulations governing this service.	Operators are free to set their rates.	Funding can only be obtained in certain specific circumstances, for instance for experimental projects.
	Home care services	This activity requires authorisation and accreditation.	Each region sets the rates for such services depending on the type of services provided.	Fully covered by Regional Health Authorities.

Regulations also stipulate that all facilities respect the rights of residents and patients and, to this end, encourage them to formalise their ethics approach.

In France, facilities mainly take their cue from the French National Authority for Health ("HAS"): "Ethical considerations in social and medico-social facilities and services". This 2010 recommendation seeks to foster dispassionate and objective thinking on ethical issues within a department or facility. Adapted to the sector's specific requirements, ethics is understood to be an overarching reflection on the meaning and role of care provision and on the potential benefits for residents, patients, families, and staff.

One of the HAS recommendations is to set up an Ethics Committee in each facility to guide the development and implementation of this ethical reflection. The chairs of these Ethics Committees are encouraged to invite experts from the local community to attend meetings to ensure the independence and plurality of views that are essential for constructive dialogue and objective decision-making. Residents, patients, and representatives of family members' interests (notably via the Social Life Councils and User Relations Commissions) can also participate in these meetings.

In Germany, the Ministry for Families, Senior Citizens, Women and Youth set up the *Pflege-Charta* ("Care Charter") to set forth the rights of dependent persons. It recommends establishing an Ethics Committee or examining real-life situations and practices at meetings led by trained employees. Awareness-raising and self-assessment materials are also made available to "Charter owners" within the facility, who are considered Quality Assurance managers.

In Spain, the *Organo de participación del mayor* meets twice a year, convening five residents and the management of each facility for an open discussion.

3.5.2 Strengthening our local economic and social contributions

Korian plays an active role in the economic and social development of the communities in which it operates. Designed to provide a complete living environment, Korian's facilities are accessible, encourage socialisation and promote the values of proximity, solidarity, and civic engagement.

Being involved in the community means doing our part to boost local development, helping to enrich the ecosystem and to weave a vibrant tapestry of local jobs, partnerships, family bonds and intergenerational connections.

Ages & Vie offers seniors shared residences that play a part in creating these regional roots in rural areas.

These shared residences are inclusive solutions located in the hearts of small towns and neighbourhoods, near healthcare centres, local shops, schools, and associations,

which allows the elderly to remain in a familiar environment. Thanks to their welcoming environment, they make it easy to stay in touch with friends and family. The homes are connected to their communities and house multiple generations under one roof; in some facilities personal carers live with their families in separate apartments on the upper floor. This creates a dynamic, intergenerational setting for senior residents. From the start, the Ages & Vie concept was designed and developed in partnership with local governments. It closely matches the needs of mayors looking for an innovative solution that creates jobs in line with the expectations of their constituents.



Charles-Antoine Pinel, France Seniors Division Executive VP, tours an Ages & Vie shared residence for seniors.



Korian's specialised clinics are the nucleus of a local ecosystem in which partnership approaches enable personalised support adapted to the needs of all the patients in a living area.



Nicolas Mérigot, France Healthcare Division Executive VP, at the grand opening of the Korian Les Vergers clinic with local elected officials.

3.5.2.1 Supporting local employment

A new facility can be a big boost to the local economy. In addition to creating stable jobs that cannot be relocated, the maintenance and operation of a new facility increase the local consumption of goods and services. For example, in France, a long-term care nursing home and a specialised clinic with 100 residents and patients respectively create between 60 and 121 non-relocatable jobs, depending on the facility. Korian ensures that these jobs comply with the regulatory standards of the French Social Action and Family Code and the Public Health Code.



In 2019, Petits-Fils, the specialist in home care services for the elderly, ranked number 59 on the list of the companies that are hiring the most in France (ranking published by *Le Figaro*). The network, which has over 100 branches, came in at number 40 on the same list in 2020.

3.5.2.2 Facilities open to the broader community

Throughout Europe, facilities organise regular open houses and events, such as annual parties and seminars, in which not only staff, residents and patients share a festive moment, but also families and key local stakeholders. Korian regularly opens its cafeterias to people from the outside community so they can share a beverage with residents and patients and discover the quality of the services provided.

In Italy's Lombardy region, with the help of retired professors, five facilities have created "Senior Citizen's Universities" that offer courses in such subjects as history, literature and art, not only to residents and patients, but to anyone from the local community who wishes to participate.

Many associations support the efforts of the Korian group's long-term care nursing homes. The assistance, activities, and entertainment they contribute make them highly appreciated by both residents and their families. They encourage socialisation, communication and the sharing of personal experiences among residents, help maintain their mental and physical capabilities, and also provide information, training and support to families. Thanks to them, long-term care nursing homes are able to offer such things as exercise and cultural activities, beauty treatments, contact with younger people, and discussion groups for caregivers.

Each year, most Korian sites host several hundred interns of all types, such as "career introduction" internships or internships required by a secondary, post-secondary or apprenticeship programme. The Group's sites develop close ties with local schools that train nursing assistants, nurses, culinary staff and so on to anticipate and facilitate hiring and involve the facilities in the local educational ecosystem.

In France, the Group has a joint arrangement with the association United Way L'Alliance to offer "career introduction" internships for young people from disadvantaged neighbourhoods. Several Group facilities, such as Les Merlettes in Seine-Saint-Denis, go beyond this initial commitment to further their engagement with nearby middle and secondary schools by holding intergenerational events.

The Group also takes part in the French government's PAQTE programme to encourage and develop "career introduction" internships, apprenticeships, training and inclusive purchasing from SMEs and micro-enterprises. Many of these actions take the form of regional "speed dating" days.

A country-wide partnership with the National Union of Employment Offices (UNML) signed in France in 2018 provides for training and hiring 8,000 young workers who are currently isolated from the job market.

3.5.3 Promoting local and inclusive purchases

Whenever possible, Korian favours local sourcing to contribute to the regional economies and reduce its environmental impact.

Some 73% of purchases made within the Group come from companies based in one of the European countries where the Group operates.

In France,

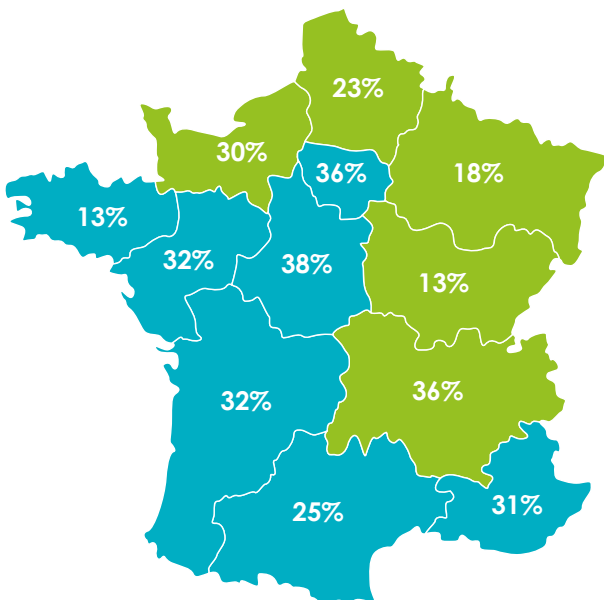
- more than 80% of expenses are incurred with suppliers based in France;

- 73% of the food purchased is grown or produced in France; and

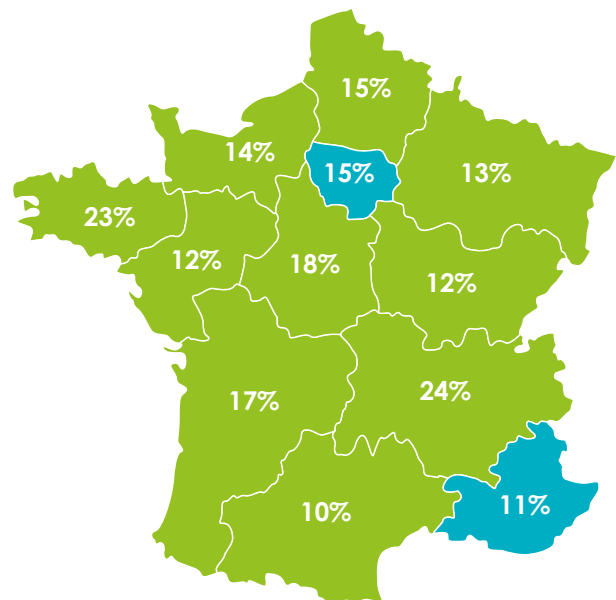
- 19% of orders are placed with SMEs and micro-enterprises.

The Group is actively working with its partner Sodexo to include increasing amounts of local produce in food purchases in France.

FRUIT AND VEGETABLES
31% OF PURCHASES



ALL PRODUCTS
15% OF PURCHASES



Going forward, these local sourcing indicators will be tracked in all Group countries.

The Group is a member of the French "Collective of 35 enterprises for a more inclusive economy". The collective's goal is to promote the inclusion of companies and population groups with limited access, visibility and resources to find employment in the economic and social ecosystem. The Korian Procurement Department meets regularly with SMEs and micro-enterprises, some of which are also social enterprises.

The idea is to give these companies a chance to interact with large corporations and understand how they work in

order to build a business relationship and to enable persons with disabilities or job placement challenges to find their place in a local ecosystem.

In October 2019, at a gathering organised by the Île de France region on the topic of "Inclusive purchasing in the social economy", Procurement Department representatives spoke with 15 social enterprises.

Finally, the Group was recognised at the 2019 Purchasing Awards for its "Boost" project to renovate its buildings in France using an innovative co-construction approach with materials made in France.

KORIAN MANIFESTO



COMMITMENT NO. 5

REDUCING OUR CARBON FOOTPRINT

3% drop
in energy consumption
in 2020

5% reduction
in waste volume
by 2023

100% of new buildings
certified HQE or equivalent
starting from 2020

2019

8.7 MWh/bed*

25,500
metric tons
in France

Launch in 2020

Long-term objective: 40% decrease in carbon emissions

COMMITMENT NO. 5 TO THE ENVIRONMENT

"We have nearly 900 sites in Europe which thoroughly cover both rural and urban regions. As a result, buildings and constructions have an **environmental and carbon footprint** that must be controlled through the optimisation of water and energy consumption and a proactive waste management approach.

In 2019 we conducted a Group carbon audit, which serves as a starting point for understanding all the aspects of our carbon impact.

In 2020, we will draw up a road map that enables us to work toward a **40% reduction in greenhouse gas emissions by 2030**, through two key action items: optimising the energy consumption of our assets and limiting our waste production.

We have already defined the goal to **reduce energy consumption by at least 3% in 2020** in France, Belgium, and Italy.

To this end, a Group Technical Unit was formed under the Group Real Estate and Development Department to steer improvements in the levels of greenhouse gases emitted by the Group's real estate.

In addition, sensitisation programmes will be deployed throughout the Group in 2020 to raise awareness on food waste, energy and waste management and better ways to address the carbon impact of business trips.

Our objectives are to:

- reduce the carbon footprint of the Group's real estate portfolio by 40% by 2030**;
- reduce the volume of waste produced by 5% by 2023; and
- earn HQE (or equivalent) certifications for all new constructions built from 2020 onward."

* On the basis of MWh of energy consumed (electricity, fuel oil, natural gas) in 2019 relative to the number of beds covered by energy reporting.

** The benchmark year will be defined in the low carbon strategy launched in 2020.

3.6 Reducing our carbon footprint

With its ambitious environmental approach, Korian is pledging to reduce the carbon impact of its operations, improve waste management at its facilities and construct buildings that are more environmentally friendly.

3.6.1 Adopting a systematic approach to environmental management

Korian pledges to improve the environmental performance of its nearly 900 sites in Europe and along its entire value chain, not only to comply with European regulatory standards, but to fulfil its duties as an environmentally responsible and committed company. This approach comprises four areas for action:

1. Identify Korian's priority environmental challenges

In addition to the energy audits and waste management diagnostics performed regularly at its facilities, Korian carried out a comprehensive carbon audit of all its activities in 2019, the results of which are given in section 3.6.1.1. The Group takes under consideration the significant environmental risks identified through its risk assessment exercises and the expectations of internal and external stakeholders vis-à-vis these issues, which are presented in our materiality matrix (see section 3.1.1). Korian also monitors French and European environmental requirements on a continuous basis.

2. Formally define policies and action plans to achieve the stated objectives

A European Environmental Committee meets quarterly at the Group level to fulfil its mission to define the environmental policy, set annual objectives, set forth a road map for each country and measure the progress made. All policies and results are described in this chapter.

3. Fully integrate environmental goals in staff operations

Korian trains and sensitises its employees on the reduction of water and energy consumption and better waste management. The Group's environmental demands are also conveyed to building maintenance service providers and other external suppliers.

4. Assess the effectiveness of actions taken with a dedicated environmental governance structure

In addition to the Group Environment Committee, a network of European CSR Officers monitors and manages the environmental indicators defined, whilst encouraging the sharing and harmonisation of best practices across countries. The Group's environmental performance is reviewed regularly by the Group Management Board and the Ethics, Quality and CSR Committee under the Board of Directors.

A Group Technical Director position was created in the Group Real Estate and Development Department in 2019 to supervise Korian's environmental standards and performance in close cooperation with the department that oversees CSR. On the strength of these improvements to the Group's environmental governance, Korian aims to implement an environmental management system (EMS) in 2020.

3.6.1.1 Results of Korian's carbon audit

To identify the most significant contributors to its CO₂ emissions, in 2019 the Korian group carried out a carbon audit along its full value chain in France, Germany, Belgium and Italy with the independent firm Carbone 4. This carbon audit analysed all sources of greenhouse gas emissions generated directly or indirectly by Korian, upstream and downstream of its activities (known as Scopes 1, 2 and 3 under the GHG Protocol⁽¹⁾), to determine the most relevant internal and external concerns for the Group.

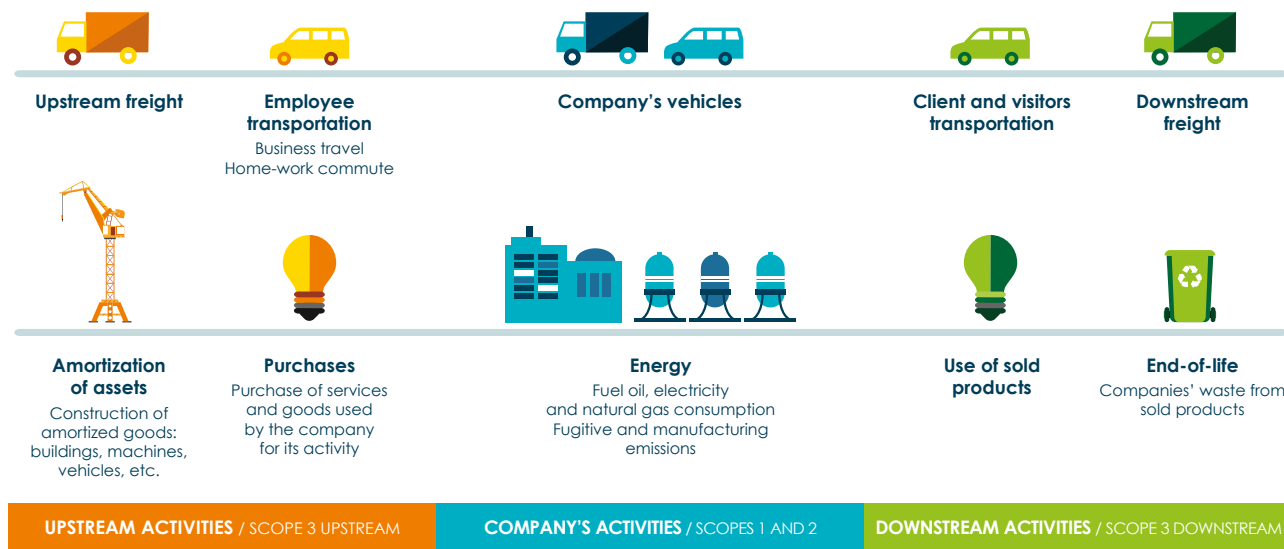
(1) According to the GHG (Green House Gas) Protocol: Scope 1: "direct emissions from sources owned or controlled by the reporting entity"; Scope 2: "indirect emissions from consumption of electricity, heat or steam necessary to manufacture products or power the operations of the reporting entity"; Scope 3: "other indirect emissions, linked to the supply chain (upstream) and to the use of goods and services over their life cycle (downstream)".

Scope of carbon audit

The scope of work covers the entire value chain of the Korian group, namely Scopes 1 and 2 (the Group's own operations) and Scope 3 (upstream and downstream) based on 2018

data gathered and consolidated by Carbone 4. The raw energy consumption data are converted into metric tons of CO₂ equivalent, using Carbone 4 methodology.

PRIMARY SOURCES OF EMISSIONS IN A CARBON AUDIT

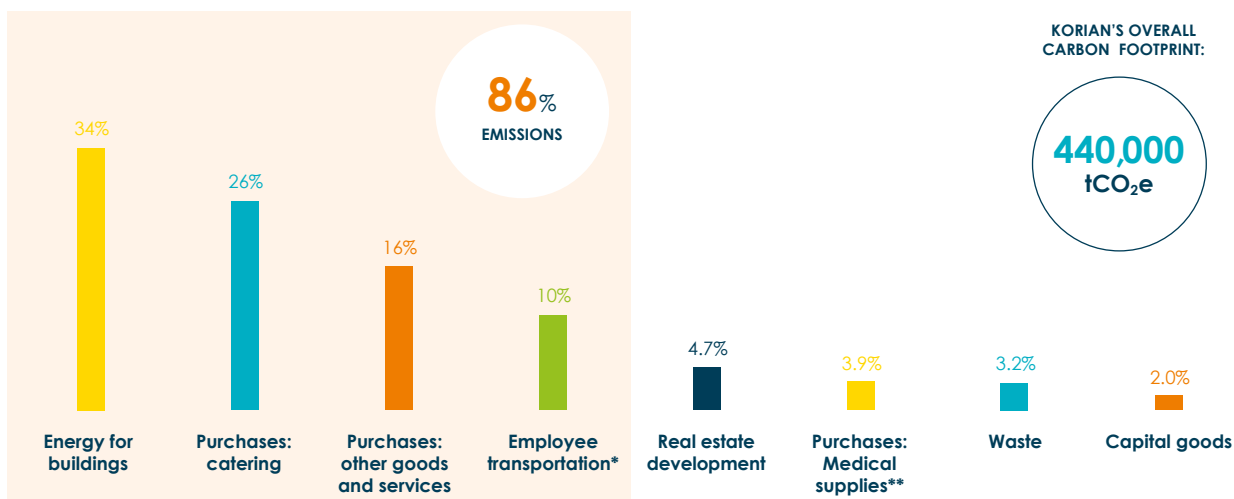


Consolidated results of carbon audit

The results of the 2019 carbon audit revealed four priority categories of emissions on which the Group will focus its efforts in 2020: building energy, catering, purchases and employee transport. Together, these four sources account for 86% of the Group's CO₂ emissions. According to these

calculations, in 2018, Korian emitted 440,000 metric tons of CO₂ equivalent, which is roughly equal to a city of 45,000 inhabitants or about 0.1% of the carbon emissions of a country like France.

BREAKDOWN OF KORIAN'S CO₂ EMISSIONS (BASED ON 2018 DATA)



* The transport of the service providers is not included.

** Emissions from medical supplies include incontinence supplies manufacturing and its freight.

Korian's goal is to reduce its fossil fuel-related emissions by 3% in 2020 (Scopes 1 and 2) as part of a continuous improvement approach. This will put it on the path to lowering its greenhouse gas emissions by 40% between now and 2030. In compliance with French and European regulations, the Group has been working since the start of 2020 to define its low-carbon strategy for 2030-2050 and is now defining a carbon emissions reduction target for 2030 for its direct and indirect (Scope 3) emissions compared to the benchmark year that will be set out in the strategy. However, Korian is already taking concrete actions to reduce its carbon footprint.

3.6.2 Effectively reducing the Group's carbon footprint

Korian's goal is to reduce the greenhouse gas emissions generated by its activities along its entire value chain.

3.6.2.1 Optimising the consumption of our buildings

Korian catered for around 470,000 residents and patients in 2019 - double the 2016 figure - at its nearly 900 sites in Europe, so the amounts of energy required for their accommodation and care has a significant impact on the Group's environmental footprint. The aim, therefore, is to optimise the resources used without compromising the well-being and comfort of the residents, patients or employees. When examining technical specifications for new construction sites, the Group will prioritise the consideration of energy consumption reduction and decarbonisation goals to ensure that 100% of its buildings are certified to a high environmental quality standard, such as HQE in France or its equivalent in other countries.

As at 31 December 2019, 50% of real estate projects in the development pipeline were eligible for an environmental certification, including 39 Ages & Vie projects, which meet the criteria for the "NF Habitat HQE" seal.

Monitoring and managing water and energy consumption

Throughout Europe, Korian is deploying procedures and tools to centrally monitor and manage the water and energy consumption of its facilities to optimise these resources and reduce waste.

Monthly readings are taken automatically at every site in Europe to track water and energy consumption. In France, for example, energy consumption is now measured automatically with Deepki equipment, which covers all French sites. Dashboards are then compiled and analysed at a centralised level by a network of Safety and Maintenance Managers ("SMMs") in each region in France and Italy, or by head office staff in Germany and Belgium. The role of these teams is to use their operational experience and technical expertise to interpret these data and changes to them, determine which facilities are consuming the most energy, and propose targeted action plans for each one. Furthermore, a new position was created in the Safety and Maintenance Departments in France and Germany to focus on reducing water and energy consumption. In 2019, objectives linked to the Group's environmental performance (reductions in energy consumption and waste volume) were assigned to the Chief Executive Officer and some members of the Korian group's General Management. In 2020, country managers will ensure their annual performance goals also include targets to reduce energy consumption.

Ratios per square metre or number of beds are applied to identify Korian facilities with excessive consumption which require immediate or medium-term actions. For example, by defining a consumption ratio of 60 cubic metres water per bed per year, in accordance with the recommendations of the French Agency for the Environment and Energy Control ("ADEME"), staff can repair leaks, adjust toilet flush settings and reduce automated landscape watering systems.

In 2020, Korian will round out its consumption management tools with an indicator that measures carbon by facility ($\text{kgCO}_2\text{e}/\text{m}^2$), to take under consideration the building's energy performance when developing servicing plans (exterior renovation, reflecting roofing, etc.) and to help choose the best solutions when equipment is replaced (heating, air con, lighting).

Streamlining equipment use

In collaboration with its contractors, Korian is continuously optimising its heating, ventilation, and air conditioning installations (room temperature regulators, timer settings, etc.), as well as its lighting (low-consumption bulbs).

Each year, the Safety and Maintenance Department issues a National Maintenance Plan for all sites that includes environmental actions, which the SMMs (Safety and Maintenance Managers) adapt in accordance with each facility's requirements. Technical Managers and maintenance technicians, who are responsible for executing the plan, are asked to carry out the maintenance actions indicated and to record their progress in a logbook and in a new computer-assisted maintenance management software program deployed to France in 2019.

In Belgium and Italy, some facilities have benefited from energy audits, renovation and insulation work and energy-savings equipment and materials that include, for example, new water-heaters, insulation, low-energy light bulbs and solar panels, all of which was funded and carried out by a specialised engineering firm.

Most countries in the Korian group have energy savings certificates as required by environmental regulations.

Training and sensitising employees

In 2020, Korian plans to offer facilities educational posters and other informational materials to encourage eco-friendly habits that have a real impact on reducing water and energy consumption and to improve waste sorting at its sites. The Group's goal is to highlight simple, everyday actions and to make lasting changes in the behaviours of residents, patients, families, and employees – whether they are care assistants, head chefs or maintenance staff.

In France, all Technical Managers, maintenance technicians and SMMs receive annual training on water and energy management.

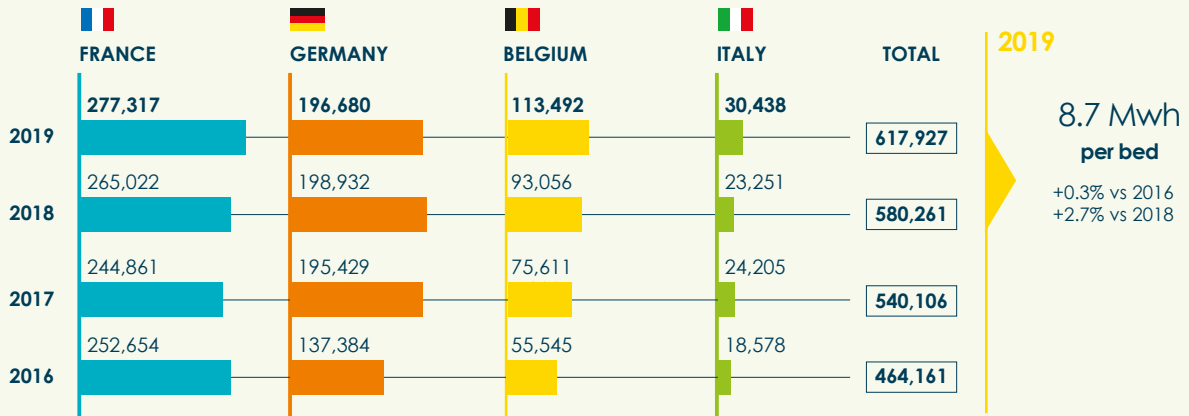
Reducing the environmental footprint of buildings

The graphs below show energy consumption (i.e. natural gas⁽¹⁾, electricity and fuel oil) and water consumption in France, Germany, Belgium, and Italy. The number of beds is based on the number of facilities included in the dataset.

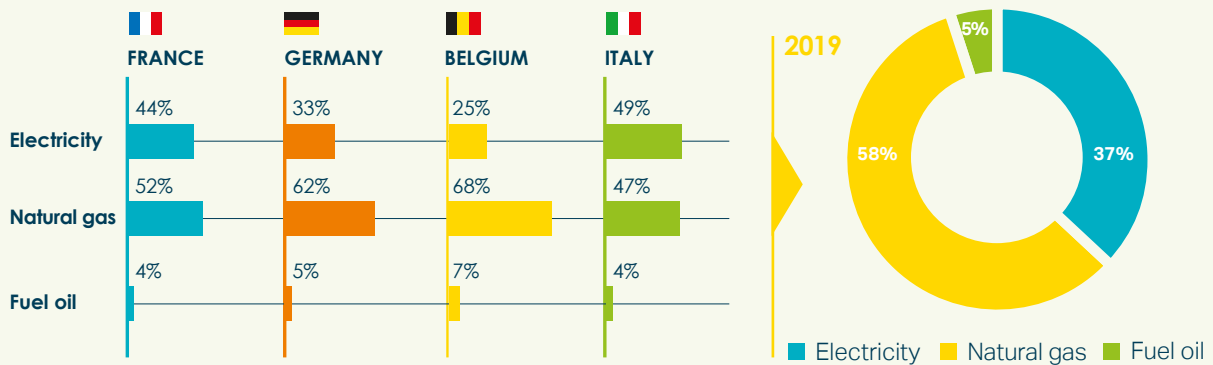
(1) Only expenditures on natural gas are indicated, as the price of propane varies considerably depending on the supplier, period and the amount ordered.

2019 DATA

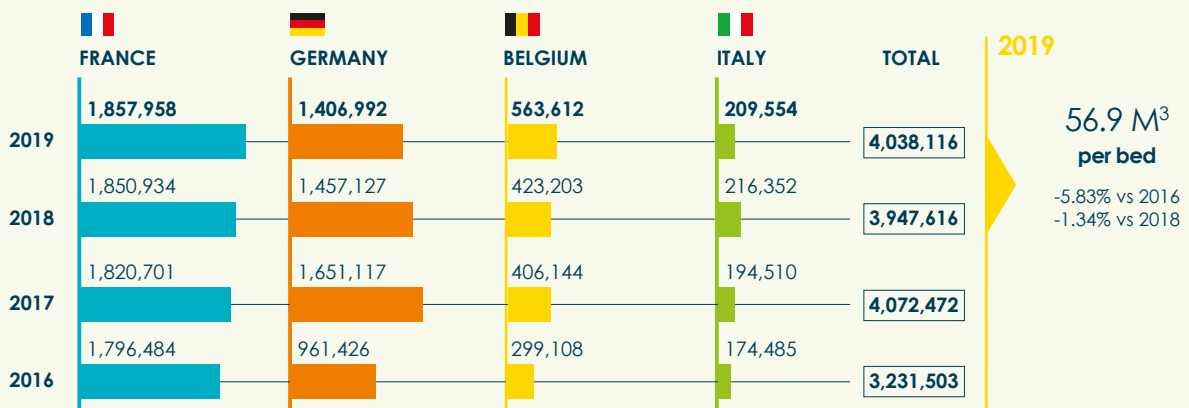
ENERGY CONSUMPTION (IN MWH – ELECTRICITY, NATURAL GAS, FUEL OIL)



BREAKDOWN OF ENERGY SOURCES BY COUNTRY



WATER CONSUMPTION (M3)



In 2019, the Group's energy (electricity, natural gas, fuel oil) consumption was 617,927 MWh, or 8.7 MWh/bed, an increase of 0.3% compared to 2016 and a 2.7% rise against 2018.

This consumption amounts to 137,062 tCO₂eq, or 1.9 tCO₂eq/bed in 2019.

In 2019, the Group's water consumption was 4,038,116 m³, or 56.9 m³/bed, down 5.8% compared to 2016 and down 1.3% compared to 2018.

Water and energy consumption levels have been on the rise since 2016 because of the Group's acquisitions in 2019. However, this increase is lower than the increase in the number of beds, demonstrating the effectiveness of the measures taken by Korian to reduce its environmental footprint.

Korian's goal in 2020 is to reduce its energy consumption in France by 3%.

3.6.2.2 Pleasurable, environmentally friendly food service

With over 80 million meals served each year in Europe, Korian is committed to providing its residents and patients with food service that is pleasurable, family-oriented, delicious and planet friendly.

Local, seasonal ingredients

Korian supports local farming and is committed to reducing greenhouse gas emissions linked to the production and transport of agricultural raw materials used to prepare meals in its facilities.

To do this, the Group offers "home-style cooking" with dishes prepared on site using unprocessed seasonal products and traditional recipes suited to local tastes. Menus are planned over a period of five weeks and are updated each season in accordance with the availability of food products.

These menus must comply with a nutrition plan that is drawn up by qualified dieticians in accordance with nutritional recommendations. In France, facility chefs are assisted by Sodexo culinary experts, regional catering advisers, and dieticians who are specialised in health and nutrition for the elderly.

Korian also works with Sodexo in France to promote local sourcing of food ingredients. As a result, 73% of our purchases are produced or grown in France and 98% of our bakers are small local businesses with 97% local distribution.

Reducing food waste

Korian educates the catering staff in its facilities on environmentally friendly practices to use in the kitchen and food waste reduction strategies. A food waste awareness campaign will be launched in France in 2020.

Moreover, 24 Korian facilities in France took part in the *Maison Gourmande et Responsable* initiative organised by SYNERPA, FNAQPA and several other groups and federations to effectively reduce food waste in long-term care nursing homes. According to this study, for all the sites that completed the self-diagnostic, food waste is generally estimated to be 150 grams per person per meal, based on leftovers in the plate. The study notes this comes out to about 10 metric tons per year per facility and six metric tons for the Korian sites in the sample group. By our calculations, that accounts for 9% of all waste generated annually per site in France. Sites that participate in the programme receive two years of personalised assistance from ADEME that results in real savings which can be reinvested to improve the quality of catering and prevent malnutrition. Thanks to the 2019 carbon audit, the issue of food waste is now fully integrated in Korian's greenhouse gas reduction targets. In addition, all French sites are now bound by the obligation to sort biowaste and set up a waste recovery system.

France's EGALIM law of 2 October 2018 stresses the safety and environmental and nutritional quality of the products purchased and consumed. The objectives of the law are to use 50% so-called quality and sustainable products (of which 20% are organic), to encourage local or fair-trade purchases, to diversify protein sources and propose more vegetarian menus, to gradually eliminate single-use plastics and, finally, to reduce food waste. A comprehensive diagnostic is being carried out in France by the Catering and Accommodation Department to deploy the necessary action plans.

The Group's other countries are also implementing programmes to reduce food waste, which is one of the objectives laid out in the Group's decarbonisation road map.

3.6.2.3 The Group's responsible procurement policy

Korian involves its suppliers and service providers in reducing CO₂ emissions linked to the transport, use and end-of-life of the products and services employed by the Group in its facilities.

The Responsible Purchasing Charter

In line with Korian's Ethics Charter, the Responsible Purchasing Charter outlines the commitments that Korian asks all its suppliers to fulfil, as well as the commitments it makes to its suppliers, in regard to environmental impact. This Responsible Purchasing Charter is translated into four languages and is now included in all contracts and invitations to tender and will gradually be signed by all suppliers listed by the Group in Europe.

Applying environmental criteria to supplier selection

Korian has defined precise specifications to describe its CSR and environmental protection commitments and priorities: reduction of packaging and deliveries, production composition and use, waste recovery to promote the circular economy and so forth.

The technical specifications set forth in all calls for tender systematically include environmental criteria. Korian's current and future suppliers are asked to describe how their products and services will enable the Group to honour its CSR commitments and thus reduce indirect greenhouse gas emissions linked to procurements.

Assessing the environmental practices of suppliers

The Group works with the independent platform ECOVADIS to assess the CSR (and thus environmental) practices of its suppliers. At the end of December 2019, 221 suppliers had been assessed using the ECOVADIS platform. The average environmental score of assessed suppliers was 53.1 out of 100, versus an average of 50.1 for the sector. We will work with our key suppliers whose environmental practices were rated below 45 by the platform to develop action plans.

3.6.2.4 Employee transport

With almost 56,000 employees throughout Europe, the work-home commute is a significant source of indirect emissions for Korian.

Limiting business trips

Korian is seeking to implement a more environmentally friendly travel policy to reduce the carbon footprint of business trips, for example by instating a requirement to use trains for all trips under three hours and encouraging conference calls and videoconferencing.

Furthermore, Korian is gradually optimising its vehicle fleet for all countries: it is authorising models based on their CO₂ emissions to promote the use of vehicles that consume less energy.

Reducing work-home commutes

The Group has defined a "Mobility plan" for its head offices in France to discourage the use of personal vehicles and encourage alternative transport modes, in accordance with French regulations. In addition to promoting teleworking and partially funding public transportation passes, Korian now pays a mileage reimbursement to employees who cycle to work.

A more extensive project will be undertaken in 2020 to study the work-home commute of employees at facilities, especially those in rural and peri-urban areas with limited public transport solutions.

3.6.2.5 Measures to protect residents from major climatic events

Climatic events, which are unpredictable by nature, can have serious repercussions on the Group's facilities and on their residents, patients, and employees.

As indicated in section 2.3.2, Korian's facilities comply with applicable legal and regulatory obligations and have a series of measures aimed at preventing and responding to such events (crisis management system, business continuity plan, people safety plan, etc.).

To safeguard against heat waves, for example, the Group launched the K'lim project in 2019 at 195 medico-social facilities to make residents and staff more comfortable. A budget of approximately €10 million was invested to outfit all common areas, a second room or the main unit with air con, and to replace outdated equipment.

3.6.3 Reducing and recycling waste

Korian is progressively rolling out a waste management policy to all its facilities to reduce the quantities generated by its activities and to improve the sorting and recycling of its waste streams.

3.6.3.1 Korian's waste management and circular economy strategy

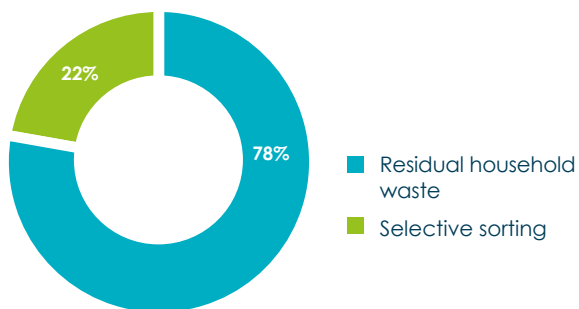
Korian's objectives are to optimise the waste recovery circuits for each stream (household waste, biowaste, cardboard, paper, etc.), to support the facilities which generate the highest amounts of waste, and to improve the teams' practices through training and education.

Identifying the main waste streams

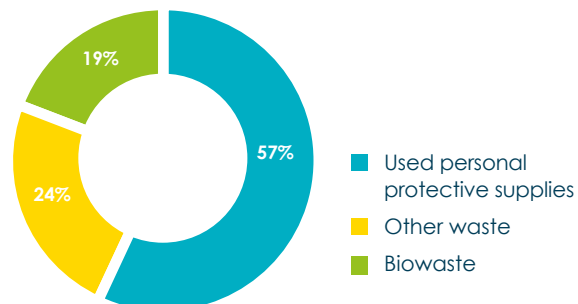
In France (2018) and Germany (2019), Korian conducted a study with the French start-up "Take a waste" to analyse the cost and volume of waste generated by the Group's facilities and to understand the staff's sorting practices. A total of 50 sites were audited to obtain a more accurate vision of on-site waste management and to identify concrete optimisation solutions. This diagnostic will be carried out in the Group's other European countries in 2020.

The graphs below show the average breakdown of waste generated in Korian facilities by type:

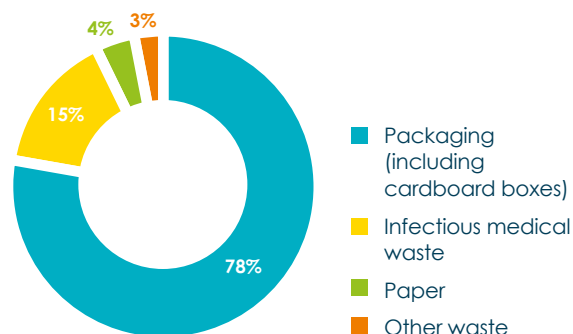
ESTIMATED BREAKDOWN OF WASTE IN FRANCE



ESTIMATED BREAKDOWN OF RESIDUAL HOUSEHOLD WASTE IN FRANCE



ESTIMATED BREAKDOWN OF SELECTIVE SORTING IN FRANCE



Supporting facilities that are struggling

By performing these diagnostics, Korian can gradually build dashboards to track the facilities' performance on waste management indicators. Using ratios, Korian identifies the sites generating large volumes of waste and helps them prioritise their actions, such as renegotiating contracts with public or private waste removal providers, optimising sorting and recovery of waste streams, reviewing sorting guidelines, and bringing them into regulatory compliance. In 2019, "Take a waste" provided personalised support to 45 sites. Another 100 will benefit from the service in 2020 and all sites will have been covered by 2023.

The financial savings are making it possible for Korian to set up biowaste recovery systems at its facilities in France, a programme that is already in place at 100% of its German sites. An experiment was conducted at several French sites in 2019 with the biowaste recycling firm Moulinot to try out the biomass recycling circuit.

Across the board, the Group is working to develop the circular economy with enhanced systems to recycle its waste. For example, used computers are given to an association that decommissions, secures, and refurbishes them for new users. Along the same lines, free recycling organisations, such as Valdelia in France, have hotlines that direct calls to a recycling centre which picks up used and unused professional equipment at sites, then refurbishes or recycles it. The Group is also exploring opportunities to cooperate with social enterprises to advance the circular economy; these initiatives should be finalised in 2020.

3.6.3.2 Collection of infectious medical waste

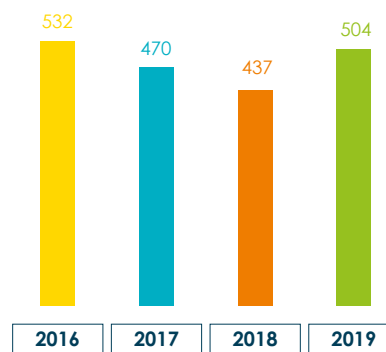
Raising employee awareness

Korian educates its teams by providing guidance on the waste streams considered priorities because of their volume or because of the number of sorting errors observed during diagnostics. Special emphasis is placed on infectious chemical waste, bulky items, unused medicines, cartridges, bulbs, and batteries - all of which will be targeted in a dedicated awareness campaign in 2020 featuring posters, quality procedures, team trainings and more.

As described in section 2.3.2 of this universal registration document, and according to the laws applicable in each country, the management of infectious medical waste is subject to specific internal procedures within the Korian group. These procedures explain the steps and the standard precautions to be observed to identify, store, and dispose of medical waste, to ensure safety and protect the environment.

The chart below shows the total weight of infectious chemical waste collected in France, Belgium, and Italy since 2016. This information is not available for Germany, where medical waste is not weighed separately.

METRIC TONS OF INFECTIOUS CHEMICAL WASTE



In 2019, the ratio of infectious chemical waste volume per site was 1.29 versus 1.57 in 2016.

3.7 Adopting ethical and responsible practices

In accordance with its Ethics Charter (the "**Charter**"), Korian insists that all its stakeholders, suppliers and subcontractors diligently observe all legal requirements pertaining to their business activities and work environment.

New regulations require the Group to continue and further its efforts to be a responsible company by introducing an anti-corruption plan and a Vigilance Plan to identify and prevent any breach of human rights, fundamental freedoms, or the health and safety of people or the environment. These provisions apply to all the Group's employees and stakeholders and are part of Korian's ongoing pursuit of continuous improvement.

3.7.1 Acting with integrity, honesty, and transparency

3.7.1.1 Korian's Ethics Charter

The Korian group has produced a document condensing the major ethical principles that apply to all the Group's employees, shareholders, residents, patients, families, suppliers, subcontractors, and other stakeholders. The Charter can be found on the Group's institutional website and on its internal networks. It has been translated into all the languages that the Group works in and aims to help individuals to respond to issues appropriately. To guide them, the Charter reviews Korian's main ethical principles and details all the procedures and instructions that come under the umbrella of rules that must be followed in order to provide residents and patients with the best possible level of care, while embodying the values of integrity and transparency.

The Charter reiterates the importance of complying with the laws and regulations that apply in each country, especially in terms of tackling corruption, but also in regard to human rights and the dignity of people, avoiding conflicts of interest, maintaining the confidentiality of information, protecting Korian's assets and being a responsible corporate citizen in regard to communities and the environment. Since 2018, the Charter has had its own communication plan which includes reminders about the existence of the Charter and the importance of abiding by it, as well as dedicated trainings at sites and head offices. The Ethics Charter is signed by all members of the Korian Top Management and a copy is given to every new employee when they join the Group. It is specifically mentioned in the employment contracts signed by recruits.

A compulsory e-learning module explaining the Charter was developed in 2018 and is being rolled out to all Group employees in Europe.

In accordance with legal requirements, the Group's employees have access to a secure whistleblowing system that has been translated into all Group working languages - plus English - so they can report any situation they believe violates the principles set forth in the Charter. To ensure everyone knows about this whistleblowing system, it is mentioned in the Ethics Charter and there is a special guide explaining how it works that is available to all Group employees.

Finally, the Ethics Charter is supplemented by special thematic Charters (Responsible Purchasing Charter, Benevolence Charter, IT Charter, etc.).

3.7.1.2 Combating corruption and influence peddling

The Korian group condemns all forms of passive or active corruption and influence peddling. To meet its legal obligations under the law of 9 December 2016, known as Sapin 2, Korian has developed an ethics and compliance programme made up of the following:

- **Corruption risk mapping:** working from the Group mapping of processes, the Group Internal Audit and Control Department identified the at-risk scenarios and assessed their criticality in terms of impact and likelihood of occurrence after taking under consideration the control measures put in place.
- **Third-party assessment:** a procedure to evaluate suppliers and partners has been defined and is being deployed at the Group.
- **Group Ethics Charter:** the Group Ethics Charter, described in 3.7.1.1 above, covers the corruption situations to avoid so that everyone who reads the document is familiar with them. The Ethics Charter also addresses the gifts and invitations policy, a key component in the anti-corruption system which describes the types of behaviours to avoid and explains the applicable rules. Finally, the Responsible Purchasing Charter signed by approved suppliers stipulates, among other things, the supplier's commitment to fight corruption.
- **Whistleblowing system:** the Group has set up a warning system common to all Korian entities that enables any employee to ask a question or submit a warning, in their native language, on any situation they feel runs counter to the principles laid out in the Ethics Charter, including instances of corruption, influence peddling or fraud. All warning submissions are confidential. This system fulfils the requirements of articles 6 and 17 of the Sapin 2 law and the law on due diligence.

- **Trainings:** e-learnings have been created for all Group employees to present the Ethics Charter. Special anti-corruption training is also being deployed for exposed employees. Furthermore, internal communication campaigns have been drawn up to sensitise staff to the existence and principles of the Ethics Charter.
- **Accounting control procedures:** the internal control standard has been expanded to incorporate all the anti-corruption measures in place at the Group.
- **Assessment of the system:** the annual audit plan covers all Group entities and notably includes subjects relating to fraud and corruption.

In all the countries and territories where it does business, the Group abides by applicable tax laws and takes great care to pay the proper tax amounts based on the fiscal earnings it records in compliance with the relevant regulations. It also follows OECD principles, as transposed into national law, when setting up its cross-border transactions.

3.7.2 Implementing the Group's Vigilance Plan

The Korian group is subject to French law No. 2017-399 of 27 March 2017 on the Vigilance Plan of parent and contracting companies.

3.7.2.1 Risk mapping

Since 2017, the Group has completed the process of mapping the risks of serious violations of human rights and fundamental freedoms, personal health and safety and the environment. This work led to the identification, analysis, and priority rating of these risks in an internal and external context and produced an inventory of the systems that are currently in place, or need to be introduced, to prevent them.

The principal risks the Group is exposed to, and the systems in place for managing these risks, are detailed in section 2.1 of this universal registration document. In addition to those risks, the mapping of risks linked to the Vigilance Plan identified other areas requiring attention, for which risk management systems, where they did not already exist, were implemented.

The main areas concerned by the Vigilance Plan are the following:

- human rights and fundamental freedoms:
 - abuse,
 - discrimination,
 - non-compliance with International Labour Organisation conventions;
- health and safety of people:
 - residents leaving the facility without the staff knowing,
 - epidemics,
 - climatic events,
 - medication errors,
 - protection of personal data,
 - health and safety in the workplace at Korian or at its suppliers,
 - security at the facilities;
- environment:
 - waste management,
 - energy consumption and reducing the Group's environmental footprint.

The Vigilance Plan and a report on its deployment in 2019 are presented in the following paragraphs.

3.7.2.2 Systems and action plans in place

The Korian Vigilance Plan is a set of group-wide mechanisms to manage the risks of violations of human rights and fundamental freedoms, personal health and safety and the environment, as well as specialised measures and mechanisms.

Governance

The Group's Risk, Ethics and Compliance Committee meets every two months. It is governed by the Chief Executive Officer and comprised of the Group's Financial Department, Human Resources Department, Medical, Ethics and Quality Department, Internal Audit and Control Department, Tax Department, and the Corporate Secretariat. This Committee supervises the Group's risk mapping exercises, programmes to comply with laws and regulations, the implementation of the Vigilance Plan produced by the working groups and any alerts submitted via the secure external whistleblowing system.

The Quality and Safety Committee was set up in early 2020, to improve the application of Korian's standards and prevention actions in terms of safety and security. The Committee is chaired by the Group Chief Medical, Ethics and Quality Officer and meets every two months to review and monitor:

- all internal (360° quality audits) and external (certifications, external inspections) assessments;
- systems in place to ensure care safety and prevention systems, building safety (fire safety, maintenance and water lines), food safety and workplace safety; and
- security and prevention systems (malicious acts, violent acts and/or abuse).

Ethics Charter

The Ethics Charter is described in section 3.7.1.1 above. It is also appended to the Book of Rules, a reference document outlining Group compliance rules applicable to all entities and subsidiaries.

Human resources policies

The human resources policies for each country are detailed in section 3.2 of this universal registration document. These policies cover matters such as:

- measures to prevent all types of discrimination, with talent management policies in place in all countries where the Group operates;
- the promotion of conditions for health and safety in the workplace, especially efforts to prevent musculoskeletal disorders (MSDs); and
- compliance with International Labour Organisation conventions, including the implementation of constructive industrial relations with employees.

Every two years, Korian conducts a survey among all employees to ascertain their level of engagement and satisfaction; the most recent edition dates back to 2019. That survey yielded very strong results with an employee engagement and satisfaction rate of 75% (results given in section 3.3.3 of this universal registration document). Following on this survey, action plans are drawn up, categorised and prioritised at the head office and at facilities to address the areas for improvement pointed out by staff to continuously improve well-being and quality of life in the workplace for our employees.

The Group also assesses the effectiveness of the measures taken to enhance workplace safety and monitors the employee accident frequency and severity rates.

Long-term relationships with suppliers and subcontractors

Korian has introduced several measures to forge long-term relationships with its suppliers and ensure they meet the Group's requirements in terms of ethical principles.

The Responsible Purchasing Charter

In line with Korian's Ethics Charter, the Responsible Purchasing Charter outlines the commitments that Korian asks all its suppliers to fulfil, as well as the commitments it makes to its suppliers in regard to:

- respecting human rights and working conditions;
- reducing environmental impact;
- preventing corruption; and
- maintaining ethical business practices.

The Responsible Purchasing Charter is included in all contracts and calls for tender; it is gradually being signed by all the Group's approved suppliers in Europe.

As a counterpart to the Responsible Purchasing Charter signed by suppliers, a Charter noting the commitments to be met by Korian is counter-signed by all the buyers working at the Group Procurement Department to affirm their adherence to the principles of anti-corruption, conflict of interest, fair competition and confidentiality.

Supplier evaluation

The Group brought in the ECOVADIS platform to evaluate its suppliers based on four aspects: ethics, environment, social and supply chain. At the end of December 2019, 221 suppliers had been assessed using the ECOVADIS platform. The average score of suppliers evaluated in 2019 was 53.1 out of 100, with an average of 46.4 out of 100 for the ethics sub-score. When a score is below 45, action plans are developed with the suppliers to address these assessments and progress is monitored regularly by the Group Procurement Department.

Furthermore, as part of its purchasing process and in line with the Sapin 2 law, Korian has put in place a procedure to evaluate its approved suppliers based on a set of objective criteria which calls on an external platform to assess their integrity.

Respecting the human rights and safety of our residents and patients

The Group endeavours to ensure quality care and safety for the residents and patients within its facilities, in accordance with the rules in force in the countries in which it does business and the highest standards in the sector. The approach of all Group teams is based on respect for individuals and the goal of providing quality services. Day-to-day risk management is an integral part of the procedures implemented by the Group as part of quality assurance processes and best business practices, which are circulated to all facilities.

The risk management procedures are set out in chapter 2 of this universal registration document and respond to each risk type identified, such as a heat wave plan for climatic events, a vaccination policy for epidemic risk and a GDPR programme to protect personal data.

The supplemental measures identified by the Group are mentioned in section 3.4 of this universal registration document and include the BEST training programme, the *Positive Care* approach to promote benevolence and the national maintenance plan to ensure the safety of our facilities in France.

The Quality Assurance Process in each country where Korian operates uses the serious adverse events (SAE) procedure presented in section 3.4.1.3 of this universal registration document. The Group deploys corrective actions in response to the serious adverse events reported, which cover situations such as the transmission of infection diseases between residents, major technical failures, and malicious acts.

This system is bolstered by the Korian approach of listening to residents and families and maintaining an open dialogue. The needs and satisfaction levels of our patients and residents are evaluated on a regular basis through surveys and the processing of complaints and claims, which are given special attention.

Personal data protection

Considering Korian's core business, which is to assist elderly and fragile individuals, protecting medical information and privacy in general, as well as safeguarding personal data, are major concerns.

Governance

Korian has appointed a Data Protection Officer (DPO) at the Group level, and in every country where it operates. These positions are supplemented by Multidisciplinary Committees that were stood up in 2017 at the Group level and in each country to convene representatives from the Legal, Information Systems, and Internal Audit and Control functions. These Committees meet once a month to discuss the progress of compliance programmes, as well as any new projects requiring efforts to bring into compliance or to adapt existing documentation (e.g. telemedicine, connected objects).

These systems are further supported by special committees which address targeted issues: medical and operations, HR, marketing, and innovative solutions.

Compliance programme

Guidelines were issued at the Group level to cover all GDPR matters and to ensure the systems are implemented uniformly within the Group's countries of operation, as all countries are subject to the General Data Protection Regulation.

These guidelines cover every aspect of the General Data Protection Regulation (GDPR): appointment, roles and responsibilities of the Data Protection Officer; how to create the data processing log; advisement and consent forms; rules governing data retention periods; security measures; impact analyses; standard contractual clauses; procedures for responding to personal data queries; and procedures to follow in the event of a data breach.

The GDPR guidelines were implemented in each country by multidisciplinary teams including the Data Protection Officer, Internal Audit and Control, Legal, Information Security and Information Systems.

Audits and controls

In 2017, audits were conducted in each country to assess the maturity of the existing compliance programme in light of the impending GDPR Regulation to prescribe priority action plans. These action plans resulted in the compliance programme described above.

Since the GDPR entered into force, audits are performed regularly by the Data Protection Officer within Korian facilities and specific control points have been added to the quality audits carried out by the Quality Department in each country.

More broadly, internal GDPR audits check the proper application of the compliance programme in the Group's countries and, finally, cybersecurity audits have been included in the audit plan drawn up by the Internal Audit and Control Department.

Respecting the environment

Korian cares deeply about reducing the impact it has on the environment and is especially focused on limiting its water and energy consumption. In particular, the Group endeavours to improve waste management at its sites in Europe, for which it conducts internal diagnostics and tracks the collection of infectious medical waste.

The actions being taken to reduce the Group's environmental impact and their corresponding indicators are explained in section 3.3 of this chapter.

3.7.2.3 Monitoring the measures put in place and assessing their effectiveness

Evaluation and control

Korian has put in place a variety of assessment measures, as described in the preceding paragraphs; these include the *Kommunity and Satisfaktion* surveys, supplier evaluations, internal audits, and quality audits. The key components of the compliance programmes are also addressed in the Group's internal control standard, as described in section 2.5 of this universal registration document.

Korian uses management indicators such as employee engagement and satisfaction rates, results of supplier evaluations, resident and family satisfaction rates, workplace accident frequency and severity rates, SAE tracking, energy consumption and the volume of waste generated by its facilities. The Group also employs internal control and risk management systems, whose organisation is laid out in section 2.5 of this universal registration document.

Whistleblowing mechanisms

All Korian employees have access to a confidential warning system that is operated on a secure external website. This system can be used to alert the Group about any crime, offence, or clear and serious breach of the law, regulations, or the principles set out in the Group's Ethics Charter, as well as any type of threat or serious damage that may harm the common good. This site can also be viewed by anyone outside Korian seeking to warn the Group about one of the aforementioned issues.

In 2019, Korian handled three warnings submitted through this system. None of them was a serious violation on human rights and fundamental freedoms, personal health and safety or the environment. These warnings were handled with the utmost confidentiality and actions were taken where necessary.

In addition to this system which fulfils the requirements of the law of 9 December 2016 and the law on due diligence, the Group has various mechanisms in each country which enable residents, patients, their families, employees and any other stakeholders to alert the Group if they have any concerns about the conditions of care in our facilities.

3.8 Note on the methodology used

Following the transposition into French law of European Directive 2014/95/EU of 22 October 2014 as regards disclosure of social and environmental information (Ord. 2017-1180 of 19 July 2017, OJ of 21; Decree 2017-1265 of 9 August 2017, OJ of 11), as amended by Ordinance no. 2017-1180 of 19 July 2017 and Decree no. 2017-1265 of 9 August 2017, this is the second year for which Korian is including its non-financial performance report in its universal registration document.

The cross-reference table with social, environmental, and labour information that must appear in the non-financial performance report and the list stipulated in article R. 225-105 II of the French Commercial Code are given in section 8.4 of this universal registration document.

The information provided reflects Korian's determination to continuously improve the transparency and understanding of its CSR practises and the reliability of its data. In 2019, thanks to the creation of a position dedicated to non-financial reporting, a common standard for the whole Group was developed and distributed to all countries to harmonise non-financial indicators. The 15 CSR commitments and their corresponding indicators are now tracked on a quarterly basis and included in the country business reviews.

This note on methodology describes the methods used to compile data on social, environmental, and labour indicators.

Reporting scope and report consolidation

For 2019, all indicators are reported for the Group's European scope, except for acquisitions completed in 2019: France (excluding the purchase of the Omega group), Germany, SLG in Belgium, and Korian in Italy. They do not include acquisitions made in Spain and the Netherlands. However, data on the Group's headcount do include the data for Spain (Seniors scope in Andalusia) and the Netherlands. Since the same methodology has been used to collect data in all countries in which the Group is present, the data for most indicators are comparable between countries. Because the definitions of short-term contracts and training differ across countries, certain conventions were adopted for some HR indicators. Only the Italian cooperatives were excluded from the 2019 reporting scope, although they are included in the training data.

Regarding environmental indicators, only facilities that could provide actual consumption data over the entire year were included. If a facility lacks consumption data for three months out of 12, it may be included in the scope by extrapolating from its average annual consumption.

Reporting period

Indicators are calculated over a 12-month period (from 1 January to 31 December 2019), using the figures available at 31 December 2019.

Data collection

The data within the specified scopes were collected directly from the relevant departments by the Group CSR Manager in consultation with the Non-financial Reporting Manager hired in the second half of 2019.

Regarding the quantitative data collected in France, Germany, Belgium, and Italy, a "Reference Table" was prepared, translated into the three languages, and sent to the correspondent in each country so that definitions and calculation methods could be harmonised. The quantitative data in the Reference Table were validated by the Finance Department in each country before being compiled by the Group CSR Manager for inclusion in this chapter.

External audit

The CSR information provided was audited by the Company's Statutory Auditor Mazars SAS, an independent third-party body and a member of the Mazars SA group. Detailed tests were carried out on the data considered to be most important.

Methodological clarifications and limitations

Some indicators may be missing for a given country; in that case, the exclusions or variations in definition are noted individually in the above report in the form of footnotes.

Recruitments

The number of recruitments in 2019 for France and Germany was calculated by applying the churn rate for each country to the permanent headcount.

Work accidents

The number of work accidents was obtained by counting the number of people with hours of absence due to a work accident (including commuting accidents and re-injuries). The accident frequency rate was obtained by multiplying the number of work accidents for which time off work was granted by one million and dividing this number by the number of hours worked under permanent and fixed-term employment contracts (TF1) over the last 12 months. The severity rate was calculated by multiplying the number of absences by 1,000 and dividing this figure by the number of hours worked over the last 12 months.

Absenteeism rate

The absenteeism rate was obtained by dividing the number of hours of absence (due to an ordinary or occupational illness or to a work or commuting accident) by the number of hours worked annually under a permanent and fixed-term contract over the last 12 months. It was calculated on the basis of employees under indefinite-term contracts.

Churn rate

The employee churn rate is an indicator that reflects the stability of employment at Korian. It is the result of multiple factors relating to the quality of work and work environment. It is a trailing indicator based on the last 12 months. Churn is obtained by dividing the number of employees on open-ended contracts who left the Company by the permanent headcount (in registered employees).

Energy and water consumption

Each country submitted its consumption data which are based on 2019 invoices, information provided by utilities providers, and meter readings at facilities. It is stipulated that electricity consumption linked to solar energy panels in Belgium is not reported in its consumption figures.

The Group calculates its direct greenhouse gas emissions (from burning fuel oil and natural gas) and its indirect emissions associated with its procurement of electricity. The CO₂ equivalent in metric tons is calculated using the national or European averages indicated in the table below:

CALCULATED GREENHOUSE GAS EMISSIONS

France	Natural gas	0.219 kg CO ₂ e/kWh
	Electricity	0.0647 kg CO ₂ e/kWh
	Fuel oil	0.324 kg CO ₂ e/kWh
Germany	Natural gas	0.214 kg CO ₂ e/kWh
	Electricity	0.461 kg CO ₂ e/kWh
	Fuel oil	0.324 kg CO ₂ e/kWh
Belgium	Natural gas	0.214 kg CO ₂ e/kWh
	Electricity	0.22 kg CO ₂ e/kWh
	Fuel oil	0.324 kg CO ₂ e/kWh
Italy	Natural gas	0.214 kg CO ₂ e/kWh
	Electricity	0.406 kg CO ₂ e/kWh
	Fuel oil	0.324 kg CO ₂ e/kWh

Fuel oil consumption data are calculated using the formula 10 MWh LHV/cubic metre.

Waste management

The quantitative waste information tracked and reported comprises infectious medical waste collected in Europe and other waste collected for Germany and France on the basis of a study carried out in those two countries in 2018 and 2019. In 2020, the scope will be expanded to include all Group countries.

Exclusions

This universal registration document does not provide information on respect for animal welfare as it is not deemed to be relevant for the Group. Nevertheless, it is stipulated that animals may be found in our facilities and, in most cases, these pets belong to the residents themselves.

3.9 Independent third-party report on the consolidated non-financial performance statement included in the management report

To the shareholders:

In our capacity as an independent third-party body, a member of the Mazars network, the Statutory Auditors of Korian accredited by COFRAC Inspection (No. 3-1058, available on www.cofrac.fr), we submit our report on the consolidated non-financial performance statement (hereinafter the "Statement") for the year ended 31 December 2019, presented in the management report, pursuant to articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

What the Company is responsible for

The Board of Directors is responsible for preparing a Statement, in compliance with legal and regulatory provisions, which includes a description of the business model, the principal non-financial risks, the policies implemented in light of these risks and the results of these policies, including key performance indicators.

The Statement was prepared in application of the Korian group's procedures (hereinafter the "Guidelines"), the salient aspects of which are set forth in the Statement.

Our independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and our professional Code of Ethics. We have also implemented a quality control system that includes documented policies and procedures to ensure compliance with the relevant statutory and regulatory requirements, professional ethics, and prevailing doctrine.

Our responsibility as the Independent Third-Party body

It is our responsibility, in accordance with the work we have performed, to give a reasoned, limited assurance opinion on:

- the Statement's conformity to the provisions laid out in article R. 225-105 of the French Commercial Code; and
- the accuracy of the information provided in accordance with item 3 of sections I and II of article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and the actions taken in relation to the principle risks, hereinafter referred to as the "Information".

However, it is not our role to comment on the Company's conformity with any other legal or regulatory requirements that may apply, in particular those relating to the Vigilance Plan and combating corruption and tax evasion, nor on the conformity of products and services with applicable regulations.

Nature and scope of our work

We conducted the work outlined hereafter in accordance with articles A. 225-1 *et seq* of the French Commercial Code, the rules and recommendations of Compagnie nationale des commissaires aux comptes (the French statutory auditing authority) that apply to this engagement, and the international standard ISAE 3000⁽¹⁾:

- We examined the activity of all the entities included in the scope of consolidation and the presentation of the principle risks;
- We assessed the appropriateness of the Guidelines, as to their relevance, completeness, reliability, neutrality, and clarity, in comparison with the sector's best practices, where applicable;
- We checked that the Statement covers each category of information stipulated in section III of article L. 225-102-1 in regard to labour and environmental matters, as well as respect for human rights and preventing corruption and tax evasion;
- We checked that the Statement provides the information stipulated in section II of article R. 225-105, where relevant, in regard to the principal risks and includes, as applicable, an explanation of the non-inclusion of the information required by item 2 in section III of article L. 225-102-1;
- We checked that the Statement presents the business model and a description of the principle risks associated with operations at all the entities included in the scope of consolidation, including, where pertinent and proportionate, the risks generated by its business relations, products or services, as well as policies, actions and results, including key performance indicators which report on the principle risks identified;
- We referred to documentary sources and conducted interviews to:
 - assess the process for selecting and validating the principle risks, as well as the coherence of results, including the key performance indicators chosen, in light of the principle risks and policies presented, and
 - corroborate the qualitative information (actions and results) presented in Appendix I which we deemed most important. For certain risks (risk related to the Coronavirus pandemic, risk related to care and

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

treatment, reputation risk, personal safety risk, risk related to the competitive environment, digital transformation risk, business ethics risk, information systems risk, cybersecurity and data protection), our work was carried out at the level of the parent company. For the other risks, our work was carried out at the level of the parent company and in a selection of entities;

- We checked that the Statement covers the consolidated scope, namely all the entities included in the scope of consolidation in accordance with article L. 233-16 with the limitations spelled out in the Statement in section 3.8 "Note on the methodology used";
- We examined the internal control and risk management procedures put in place by the entity and assessed the collection processes to ensure the completeness and accuracy of the Information;
- For the key performance indicators and the other quantitative results presented in Appendix I we deemed most important, we carried out:
 - analytical procedures to verify the proper consolidation of the data collected and the coherence of changes to them,
 - detail tests, using sampling techniques, to verify the proper application of definitions and procedures and to reconcile the data with the supporting documents. This work was performed on a selection of consolidated entities⁽¹⁾ and covered 37% to 100% of the consolidated data selected for these tests;
- We assessed the consistency of the entire Statement based on our understanding of the entities included in the scope of consolidation.

We believe that the work we have performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance opinion; to provide a higher level of assurance we would have had to conduct more extensive procedures.

Means and resources

Our mission was carried out by a skilled team of five people between November 2019 and April 2020, for a total of seven weeks of work.

We conducted 20 interviews with the people who prepared the Statement, including those who work in the Investor Relations, Risk Management, Human Resources, Environment and Procurement Departments.

Opinion

For the Germany scope, we identified significant anomalies and deficiencies in the reliability with which the data were prepared for the following indicators: number of training hours, percentage of employees enrolled in a qualifying training programme, and number of employees who received training.

Based on the work performed, with the exception of the information described above, we have observed no material misstatement that leads us to believe that the non-financial performance statement, taken as a whole, is not presented fairly in accordance with the Guidelines.

Comments

Without calling into question the opinion expressed above and in accordance with the provisions of article A. 225-3 of the French Commercial Code, we draw your attention to the following points:

- For competitive environment risks, the Group has taken actions to prevent and mitigate the risks but has not defined a policy. The data published in relation to this risk (number of participants in roundtables and seminars and number of scientific studies) do not, in and of themselves, amount to key performance indicators (result-focused indicators).
- The data published in relation to the risks linked to global warming and damage caused to the environment (number of sites participating in the air con plan) do not, in and of themselves, amount to a key performance indicator.
- At this stage, no key performance indicator has been defined to cover the risk linked to the Coronavirus pandemic (Covid-19) or the risk of failing to manage personal data.

Signed in Paris La Défense, on 5 May 2020

Independent third-party body

MAZARS SAS

Edwige Rey

CSR & Sustainable Development Partner

(1) Korian France, Korian Germany and Korian Belgium (for labour indicators).



Corporate governance

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This chapter makes up the main body of the Report on corporate governance, drafted by the Board of Directors (the “Board” or the “Board of Directors”) at its 27 February and 29 April 2020 meetings, upon the recommendation of the Compensation and Appointments Committee held on 25 February and 14 April 2020 and with the support of the Group Corporate Secretariat and the Group’s Human Resources and CSR department, in accordance with article L. 225-37 of the French Commercial Code. It reports particularly on the powers of the Chairman of the Board and Chief Executive Officer, the composition of the Board, conditions for preparing and organising the work of the Board and its Committees, the application by the Company of the corporate governance code, to which it refers, and the principles and rules established for determining the compensation and benefits of all kinds granted to corporate officers.

The provisions governing shareholder participation in General Meeting can be found in section 7.5 “Conditions for Shareholder participation in general meetings” of this universal registration document.

Information about delegations of authority to increase the share capital is presented in section 7.2.3 “Issued and unissued authorised capital” of this universal registration document.

The factors which may have an impact in the event of a takeover bid are set out in section 7.2.5 “Factors which may have an impact in the event of a takeover bid” of this universal registration document.

Information on the restrictions imposed on corporate officers by the Board of Directors on exercising options and selling securities, where options have been granted or shares have been subscribed for or free shares have been awarded, is set out in section 7.2.4.3 “Long-term compensation plans” of this universal registration document.

The report on corporate governance has been submitted to the Statutory Auditors in accordance with article L. 225-235 of the French Commercial Code.

Korian uses as a reference the Corporate Governance Code for Listed Companies, jointly drafted by the AFEP and the MEDEF in December 2002, and has recently been revised in January 2020 (the “**AFEP-MEDEF Code**”). The Code is available on the following website: www.afep.com.

Message from the Chairman of the Board



The start of 2020 has been dominated by the major health crisis caused by the Coronavirus (Covid-19) which has had an impact on the Group's various business lines. The thoughts of the Board of Directors are with the families and relatives of its residents, its patients and employees affected by the pandemic. I also wish, on behalf of the Board, to express my deepest gratitude to all the Group's employees who, in our facilities and head offices, have shown outstanding courage and dedication in particularly difficult circumstances. As a result of the situation, the Board of Directors has, since February, at a number of scheduled and extraordinary meetings, kept a very close eye on developments to the epidemic and on the measures taken by the Company in response thereto, its priority always being the health and safety of residents, patients and employees. At its meeting of 2 April, the Board decided to strengthen its governance to deal with this health crisis by establishing a temporary ad hoc Committee that meets on a weekly basis. The members of this Committee are the Chairs of the Audit Committee, the Compensation and Appointments Committee, the Ethics, Quality and CSR Committee, the two Directors who are doctors and the Chairman of the Board.

2019

In 2019, the Board of Directors continued to improve its practices and expand its expertise. It consolidated corporate governance for the long term and showed a remarkable level of engagement throughout the year.

Improving practices

The Board of Directors is increasingly reliant on the preparatory work carried out by the four Specialised Committees, which enables it to properly discuss and debate matters and take appropriate decisions. The Board enjoys a high degree of confidence in the Committees' recommendations due to the considerable expertise of each Committee, the suitability of the members to the role, and, above all, the commitment of the Chairs of the Committees.

The Committees' recommendations and the Board's decisions take account of operational reality and the actual challenges involved in transforming the Group. This is achieved thanks to the accessibility and availability of managers in advance of Board and Committee meetings and at strategy seminars and on-site visits, which provide an opportunity to better understand the relevant human and operational issues through direct discussions with teams on the ground in the various countries in which the Group operates.

The Board has strengthened its practices to reflect Board evaluations and discussions with stakeholders and to bring them into line with best market practices.

CSR

CSR matters have been formally added to the remit of the Ethics and Quality Committee, which has now become the Ethics, Quality and CSR Committee. All decisions made by the Board are assessed in light of the social and environmental issues that lay at the heart of Korian's activities, with an explicit CSR strategy appropriate to the challenges associated with caring for the elderly and those with frailties.

Expertise

The Board has enhanced its expertise in the field of healthcare and quality of service by welcoming a second doctor and an employee Director, a manager of one of our healthcare facilities.

Governance consolidated for the long term

The Board decided to approve the Chief Executive Officer, Mrs Sophie Boissard's, early reappointment for a term of five years, thereby demonstrating its confidence in its current approach and in the "In Caring Hands" corporate project, which must now take account of this new environment.

Commitment

The Board of Directors, with a significant number of scheduled and extraordinary meetings, two seminars, significant preparatory work by the Committees, all with a remarkable attendance rate, has shown a very high level of commitment that I applaud.

The results of the annual assessment carried out with an external consultant confirmed that the Board of Directors' composition and operations had reached a level appropriate to Korian's strategic plan and aspirations, while remaining focused on continuing improvement.

I thank all members of the Board of Directors for their commitment, and thank management for its dedication and rigour.

*Christian Chautard,
Chairman of the Board of Directors*

4.1 The Company's administrative and management bodies

Governance of Korian through key figures

The Chief Executive Officer

Assisted by an **11**-member General Management Committee

A diverse team



25% female Directors

Average age of **53**



33% non-French

Strategic meetings

6 Meetings of the General Management Committee in the various countries in which the Group operates

8 Specialised committees



Participation in the Board's strategy seminars

The Board of Directors

11 Directors including the Chairman

A balanced composition

50% Independent Directors



40% female Directors



Average age of **57**



82% international profiles

27% non-French

Varied expertise



Experience of General Management/Strategy/International

91%



Financial/M&A expertise

73%



Knowledge of the healthcare sector

64%



Real estate/Investments

64%



Human resources/Public policy/Environment/Labour relations

55%



IT/Digital/Innovation

36%

Regular work

9 meetings

95% attendance

4 specialised committees

2 strategy seminars including 1 in Belgium with visits to facilities

4.1.1 Governance method



4.1.1.1 A single-tier system of governance

Since 2012, Korian ("Korian" or the "Company") has been a *société anonyme* with a Board of Directors.

4.1.1.2 Separation of the offices of Chairman and Chief Executive Officer

Article 12 of the Company's articles of association defines and specifies the appointment and operating procedures for the General Management, in accordance with legal requirements. The Board of Directors determines how General Management functions are to be performed, and appoints (and, if applicable, dismisses) the Chief Executive Officer.

On 21 March 2012, the Board of Directors decided to separate the offices of Chairman of the Board of Directors and Chief Executive Officer. The decision became effective on 30 April 2012. When the former Chief Executive Officer was removed from office on 18 November 2015, Mr Christian Chautard held both offices on an interim basis until 26 January 2016, the date on which Mrs Sophie Boissard took office as Chief Executive Officer and the two offices were separated once again. The Board of Directors renewed this decision at its 22 June 2017 meeting, when it reappointed Mr Christian Chautard as Chairman.

Since 26 January 2016, the General Management functions have been performed by Mrs Sophie Boissard.

Mr Christian Chautard has chaired the Board of Directors since 25 March 2015.

4.1.1.3 Succession plan

In accordance with the recommendation of article 17.2.2 of the AFEP-MEDEF Code, the Compensation and Appointments Committee ensures the preparation of a succession plan for the Company's management bodies.

The succession plan is the result of a process in which the Compensation and Appointments Committee:

- works in close collaboration with the Chief Executive Officer, the Chairman of the Board of Directors and the Group's human Resources and CSR department to check that (i) the plan complies with the Company's and market practices, (ii) high-potential employees identified within the Company receive appropriate support and training, and (iii) there is adequate monitoring of key posts that may become vacant;
- meets, where necessary, with the Group's key executives;
- involves the Chief Executive Officer and the Chairman of the Board of Directors to the extent that they play a key role in planning their own succession, provided that they do not lead the process;
- works, where necessary, with an external consultant;
- provides the Board of Directors with progress reports, particularly at executive sessions.

This plan is reviewed each year and, where necessary, updated.

4.1.2 General Management

Since 26 January 2016, Mrs Sophie Boissard has served as Chief Executive Officer. At its 5 December 2019 meeting, the Board of Directors took the early decision to renew Mrs Sophie Boissard's term of office for a period of five years beginning on 1 January 2020.

4.1.2.1 Chief Executive Officer

The Chief Executive Officer does not have an employment contract with the Company or with any other Group company.

Under article 12.3 of the Company's articles of association, subject to the powers that the law expressly confers on General Meetings of shareholders and the Board of Directors, and within the limits of the corporate purpose, the Chief Executive Officer has the broadest possible powers to act in all circumstances in the name of the Company.

The Chief Executive Officer is responsible for the general management of the Company and represents it in its relations with third parties. The Company is bound even by actions of the Chief Executive Officer that are not within the corporate purpose, unless it proves that the third party was aware, or under the circumstances could not have been unaware, that the action was not within the corporate purpose. However, publication of the articles of association is not in itself sufficient proof thereof.

Article 11.3 of the Company's articles of association and article 1.4 of the Board's Internal Regulations, as updated

on 5 December 2019 (the "**Internal Regulations**") list the Chief Executive Officer's decisions that must be submitted for prior approval to the Board of Directors. These decisions are also described in the section 4.1.3.2.1 entitled "Duties and powers of the Board of Directors".

Mrs Sophie Boissard agreed to request the opinion of the Board if she were to consider holding any new position or corporate office in addition to her position as Chief Executive Officer of the Company, in accordance with article 19.2 of the AFEP-MEDEF Code.

Profile of the Chief Executive Officer

Mrs Sophie Boissard

Chief Executive Officer of Korian

Born on: 11 July 1970 in Paris (75)

Nationality: French

Address: 21-25, rue Balzac, 75008 Paris

Start of term: 26 January 2016

Date of reappointment: 1 January 2020

End of term: 31 December 2025



Biography

Mrs Sophie Boissard is a graduate of the *École Normale Supérieure* and the *École Nationale d'Administration* and has been the Chief Executive Officer of Korian since 2016. Previously, starting in 2008, she was a member of the SNCF Group's Executive Committee. At SNCF she created and developed the real estate value enhancement activities (Gares et Connexions, SNCF Immobilier) and was responsible for strategy and international development. She has held various positions in the public sector, in particular with the *Conseil d'État*, the Employment and Social Affairs Ministry and the Economy and Finance Ministry.

Shareholding

At the date of this report, Mrs Sophie Boissard holds 17,510 Korian shares.

Other offices in the Group

Chairwoman of the Korian Deutschland AG (Germany) and Korian Management AG (Germany) Supervisory Boards, Director of Segesta (Italy), SLG (Belgium), the KOR Foundation (Italy) and the Korian Stiftung Deutschland Foundation (Germany), Chairwoman of the Korian Foundation for Ageing Well.

Offices outside the Group⁽¹⁾

Member of the Supervisory Board: Allianz SE (listed company)

Director: Over SpA (Italy) 42% held by Korian

Offices that have expired in the last five years

Director: Areva, SANEF

⁽¹⁾ Mrs Sophie Boissard is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

4.1.2.2 Committees chaired by the Chief Executive Officer

To support her in her management functions, the Chief Executive Officer has created a number of internal committees.

The General Management Committee



General Management Committee – first row, left to right: Mr Didier Armaingaud, Mrs Sophie Boissard, Mrs Mariuccia Rossini; second row, left to right: Mr Rémi Boyer, Mr Dominiek Beelen, Mr Nicolas Mérigot, Mrs Caroline de Jessey, Mr Charles-Antoine Pinel, Mr Philippe Garin, Mr Bart Bots, Mr Frédéric Drousseau, Mr Arno Schwalie.

The members of the General Management Committee are, firstly, the executives of the Group's main business lines and, secondly, the executives of the Group's principal departments.

At 1 January 2020, the General Management Committee had the following members:

For the business lines	<p>Mr Dominiek Beelen (Executive Vice President Benelux) Mr Nicolas Mérigot (Executive Vice President of the Healthcare Division in France) Mr Charles-Antoine Pinel (Executive Vice President of the Seniors Division in France) Dr Mariuccia Rossini (Chairwoman of the Board of Directors of Segesta (Italy)) Mr Arno Schwalie (Executive Vice President Germany)</p>
For the Group's functional departments	<p>Dr Didier Armaingaud (Group Chief Medical, Ethics & Quality-of-Service Officer) Dr Bart Bots (Group Chief International Development Officer) Mr Rémi Boyer (Group Chief HR & CSR Officer) Mr Frédéric Drousseau (Group Chief Real Estate & Development Officer) Mr Philippe Garin (Group CFO) Mrs Caroline de Jessey (Group Chief Communications Officer)</p>

The General Management Committee meets at least once every two months to monitor progress with the company's strategy and the main policies deployed within the Group, particularly in terms of CSR and risk prevention.

Other Committees

In addition to the General Management Committee, the Chief Executive Officer has established a number of specialised internal committees to assist her in carrying out her duties, including committees that review business activities in the various countries, the Commitments and Investments Committee and the Risk, Ethics and Compliance Committee.

4.1.2.3 Promotion of women on management bodies



2019 Group top 100 seminar in Maastricht.

Focus: Diversity on the management bodies

The promotion of diversity is one of the 10 cardinal points of the Group's HR policy. It is also reflected in its national regulations and collective agreements that promote non-discrimination in all of the Company's key HR processes, particularly recruitment, internal job offers and mobility, promotions, wage policy and parental rights. To support and strengthen the gender equality policy and in order to achieve a more balanced representation of women and men on the General Management Committee, the career management and professional development process has been revised to more closely and systematically identify women able to take on greater responsibility under succession plans in the short or medium term. At the end of December 2019, women accounted for:

Management	% of women
General Management Committee	25%
Korian top management	46%
Facility managers	68%
Support functions	62%

The Korian group has regularly been recognised for its diversity policy and, in 2019, received, for the third time, the equality prize from the *Institut du Capitalisme Responsable/ Ethics & Boards* in the health facilities and services category, due especially to the high percentage of women on the Compensation and Appointments Committee. With 25% women on the General Management Committee, and 46% in the top management, the Korian group is in the top 20 companies in the SBF 120 and above the European average according to surveys by Ethics & Boards. The Group has now set itself the target of achieving 50% female representation in top management by 2023. To that end, it has committed to systematically including a candidate of each gender in the final recruitment procedures.

The Korian group also cooperates and contributes to the work of the "observatoire de la diversité" (diversity observatory), which is part of the *Institut du Capitalisme Responsable* and has published a green book to improve equality in companies' management bodies and to generally improve equality within companies. At the start of 2019, the Chief Executive Officer launched a "Korian women's club" set up to promote diversity and good practices to further equality.

Generally speaking, the Korian group is actively considering ways to more effectively take into account the position of its female employees and has made it one of the work focuses of the Korian Foundation for Ageing Well in the area of solidarity and inclusion.

4.1.3 The Board of Directors

4.1.3.1 Composition of the Board of Directors

Article 11 of the Company's articles of association defines and specifies the conditions and procedures governing the composition and operation of the Board of Directors.

Focus: Changes in the composition of the Board in 2019

At the Combined General Meeting held on 6 June 2019 (the "2019 Meeting"), the Company's shareholders decided to:

- renew the terms of office of the Independent Directors, Mr Jean-Pierre Duprieu and Mrs Anne Lalou;
- appoint Mr Jean-François Brin as an Independent Director; for a three-year term expiring at the conclusion of the General Meeting of shareholders convened to vote on the financial statements for the financial year ending 31 December 2021.

The terms of office of the following members expired on the conclusion of the 2019 Meeting:

- Mrs Elisabeth T. Stheeman, Independent Director;
- Mrs Hafida Cola, Director representing employees;
- Mr Guy de Panafieu, Board Observer. The Board of Directors, at its 14 March 2019 meeting, on the recommendation of the Compensation and Appointments Committee, decided not to ask the 2019 Meeting to appoint a new Board Observer.

On 25 July 2019, the most representative trade union within the Group appointed Mrs Marie-Christine Leroux as Director representing employees with effect from 1 September 2019, replacing Mrs Hafida Cola.

Table summarising the changes to the composition of the Board of Directors in 2019

End of term⁽¹⁾	Mrs Elisabeth T. Stheeman (Independent Director) Mrs Hafida Cola (Director representing employees) Mr Guy de Panafieu (Board Observer).
Reappointments⁽²⁾	Mr Jean-Pierre Duprieu (Independent Director) Mrs Anne Lalou (Independent Director)
Appointment	Mr Jean-François Brin (Independent Director) ⁽²⁾ Mrs Marie-Christine Leroux (Director representing employees) ⁽³⁾

(1) At the conclusion of the 2019 Meeting.

(2) At the 2019 Meeting.

(3) With effect from 1 September 2019.

4.1.3.1.1 Members of the Board

The Company's Board of Directors comprises the following 11 members:

Chairman of the Board of Directors	Mr Christian Chautard
Institutional Directors	Mr Jérôme Grivet Predica Prévoyance Dialogue du Crédit Agricole ("Predica"), represented by Mrs Françoise Debrus Holding Malakoff Humanis, represented by Mrs Anne Ramon Office d'Investissement des Régimes de Pensions du Secteur Public ("Investissements PSP"), represented by Mr Alexandre Gagnon-Kugler
Independent Directors	Mr Jean-François Brin Mr Jean-Pierre Duprieu Mrs Anne Lalou Dr Markus Müschenich Mrs Catherine Soubie
Director representing employees	Mrs Marie-Christine Leroux

The Chairman of the Board of Directors

The Chairman does not have an employment contract with the Company or with any other Group company.

In accordance with article L. 225-51 of the French Commercial Code, article 11.2.1 of the Company's articles of association provides that the Chairman organises and directs the work of the Board, reports thereon to the General Meeting and carries out its decisions.

The Chairman convenes the Board of Directors as often as necessary, and at least once per quarter. He sets the agenda for the meeting that he is chairing.

He ensures that the Company's governing bodies run smoothly and that best governance practices are implemented. He also ensures that the Directors are able to perform their duties, in particular by creating a climate for discussions conducive to taking constructive decisions.

In addition, under article 1.6 of the Internal Regulations, on behalf of the Board and in close coordination with the Chief Executive Officer, he handles high-level national

and international relations with stakeholders and, in particular, he discusses corporate governance issues with shareholders. He reports thereon to the Board of Directors.

He is also informed and consulted by the Chief Executive Officer on all significant events in relation to the Company's activities.

Lastly, the Chairman may, on an ad hoc basis, be charged by the Board of Directors with specific tasks consisting of monitoring unusual transactions that impact the Group's structure or scope, for which the Chairman may receive extraordinary compensation. When performing such duties, the Chairman acts in close collaboration with the Chief Executive Officer. In 2019, the Chairman was not requested to perform any such specific tasks.

As an exception to article L. 225-37 of the French Commercial Code, article 11.2.4 of the Company's articles of association provides that "in the event of a tied vote, the Chairman does not have the casting vote".

Mr Christian Chautard

Chairman of the Board of Directors and Member of the Investment Committee

Born on: 9 July 1948 in Valence (26)

Nationality: French/German

Address: 21-25, rue Balzac, 75008 Paris

Date of appointment⁽¹⁾: GM of 18 March 2014

Date of reappointment: GM of 22 June 2017

End of term: GM voting on the financial statements for financial year 2019



Biography

Mr Christian Chautard studied at the *École Polytechnique* and holds an MBA from INSEAD. Early in his career he held operational positions in two leading groups in the metallurgy industry. He then headed a commodities trading company with offices in New York, London and Paris. In 1982, he began a career as a strategy, organisation and governance consultant in an international organisation advising executive officers of international groups. He has worked in Europe and in the United States, notably at Mercer, now Oliver Wyman. He is also fully familiar with Germany and its business practices.

He was appointed Chairman of Korian's Supervisory Board on 5 December 2011, and since then has successively held various offices as an executive or Director. He has been the Chairman of Korian's Board of Directors since 25 March 2015.

Shareholding

At the date of this report, Mr Christian Chautard holds 1,239 Korian shares.

Other offices in the Group

Chairman of the Board of Directors of the Korian Stiftung Deutschland foundation (Germany)

Offices outside the Group⁽²⁾

Chairman: Renovia

Offices that have expired in the last five years

Chairman & Chief Executive Officer: Korian (listed company)

Chairman of the Supervisory Board: Korian Deutschland AG (Germany), Korian Management AG (Germany)

Vice-Chairman of the Board of Directors: Korian (listed company)

Director: Spigraph Group, Anthenor Holding Ltd

Member of the Supervisory Board: Korian Deutschland AG (Germany), Korian Management AG (Germany)

⁽¹⁾ Mr Christian Chautard was appointed by the General Meeting held on 21 March 2012 that adopted a single-tier governance system. In connection with Korian's merger with and takeover of Medica, and subject to the condition precedent that it be completed, the Ordinary General Meeting of 18 March 2014 (i) acknowledged his resignation and (ii) immediately appointed him for a three-year term.

⁽²⁾ Mr Christian Chautard is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

The other members of the Board of Directors

Mr Jérôme Grivet

Director and Chairman of the Investment Committee

Born on: 26 March 1962 in London (United Kingdom)

Nationality: French

Address: 12, place des États-Unis, 92120 Montrouge

Main position held: Deputy Chief Executive Officer responsible for Group finances at Crédit Agricole SA



Date of appointment⁽¹⁾: GM of 18 March 2014

Date of reappointment: GM of 22 June 2017

End of term: GM voting on the financial statements for financial year 2019

Biography

Mr Jérôme Grivet is a former Finance Inspector and studied at the *École nationale d'administration* and graduated from ESSEC and the *Institut d'études politiques* in Paris. He began his career in the government sector with the Finances Inspectorate General (IGF). He was then appointed European Affairs Advisor to the Prime Minister, Alain Juppé, before joining Crédit Lyonnais in 1998 as head of the commercial bank's Finance and Management Control Department in France. In 2001, he was appointed Chief Strategy Officer at Crédit Lyonnais. He then held the same position at Crédit Agricole SA. After joining Calyon in 2004 as the head of Finance, the Corporate Secretariat and Strategy, he became its Deputy Chief Executive Officer in 2007. From the end of 2010 to May 2015, he was Chief Executive Officer of Predica and Crédit Agricole Assurances. Since May 2015, he has been Deputy Chief Executive Officer responsible for Group finances at Crédit Agricole SA.

Shareholding

At the date of this report, Mr Jérôme Grivet holds 1 Korian share.

Offices outside the Group⁽²⁾

Director: Nexity (listed company), CACEIS, Crédit Agricole Assurances, CACEIS Bank France (CACEIS BF) (Crédit Agricole Group)

Permanent representative of Predica, Director: Covivio (listed company)

Member of the Supervisory Board: Fonds de garantie des dépôts

Offices that have expired in the last five years

Chairman of the Board of Directors: Spirica, Dolcéa Vie, CA Life Greece (Greece)

Chief Executive Officer: Crédit Agricole Assurances, Predica

Chairman: Groupement français des Bancassureurs, CA Assurances Italie Holding (Italy)

Vice-Chairman: BES VIDA, Crédit Agricole Vita (Italy)

Director: CAAGIS, Pacifica, CA Indosuez Private Banking, Crédit Agricole Immobilier, LCL Obligation Euro, Icade (listed company)

Board Observer: La Médicale de France, Aéroports de Paris (listed company), Crédit Agricole Immobilier

Permanent representative of Predica, Director: Icade (listed company)

Permanent representative of Predica, Member of the Supervisory Board: CAPE, CA Grands Crus

Permanent representative of Predica, Board Observer: Siparex Associés

Permanent representative of Predica, Chairman: Fonds Stratégique Participation

Permanent representative of Crédit Agricole Assurances, Director: CACI

(1) Mr Jérôme Grivet was appointed by the General Meeting held on 21 March 2012 that adopted a single-tier governance system. In connection with Korian's merger with and takeover of Medica, and subject to the condition precedent that it be completed, the Ordinary General Meeting of 18 March 2014 (i) acknowledged his resignation and (ii) immediately appointed him for a three-year term.

(2) Mr Jérôme Grivet is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Predica

Director and Member of the Audit Committee and Compensation and Appointments Committee

Permanent representative: Mrs Françoise Debrus



Born on: 19 April 1960 in Paris (75)

Nationality: French

Address: 50-56, rue de la Procession, 75015 Paris

Predica Prévoyance Dialogue du Crédit Agricole (Predica)

A French société anonyme (limited company)

Registered office: 50-56, rue de la Procession, 75015 Paris

Paris Trade and Companies Registry No. 334 028 123

Main position held: Investment Director at Predica

Date of appointment: GM of 18 March 2014

Date of reappointment: GM of 14 June 2018

End of term: GM voting on the financial statements for financial year 2020

Biography

Mrs Françoise Debrus is a graduate of the *École nationale du génie rural des eaux et des forêts* and the *Institut national agronomique Paris-Grignon* and joined the Crédit Agricole group in 1987. She was appointed Chief Financial Officer of Caisse Régionale de l'Île-de-France in January 2005 before joining Crédit Agricole Assurances on 2 March 2009 as Investment Director. Mrs Françoise Debrus has also held several directorships at companies in the healthcare sector.

Shareholding

At the date of this report, Mrs Françoise Debrus holds 1,320 Korian shares.

At the date of this report, Predica holds 20,167,668 Korian shares.

Offices held by Predica⁽¹⁾

Offices outside the Group

Director: Fonds Nouvel Investissement 1, Fonds Nouvel Investissement 2, Covivio (listed company), Aéroport de Paris (listed company), Argan (listed company), CAAM Mone Cash, Frey (listed company), Gécina (listed company), Patrimoine & Commerce (listed company), Carmila (listed company), SEMMARIS, Covivio Immobilier, Accor Invest, Fonds Stratégique des Participations, la Médicale de France, Previso Obseques, Lesica

Member of the Supervisory Board: Effi-Invest II, Covivio Hotels (listed company), INTERFIMMO, Altarea (listed company), CA Grands Crus, PREIM Healthcare, SOPRESA, Immeo Wohnen GmbH

Co-manager: Predicare

Board Observer: Siparex Associés, Tivana France Holding

Offices that have expired in the last five years

Member of the Supervisory Board: Effi-Invest I

Director: Eurosic (listed company), Sanef (listed company), Louvresses Développement I, Urbis Park, CA Life Greece, Ramsay Générale de Santé (listed company), Foncière Développement Logement (listed company), River Ouest.

Offices held by Mrs Françoise Debrus⁽²⁾

Offices outside the Group

Member of the Supervisory Board: Covivio Hotels (listed company), Altarea (listed company)

Permanent representative of Predica, Director: Aéroport de Paris (listed company)

Representative of Crédit Agricole Assurances, Director: SEMMARIS (Rungis market)

Director: SAS Cassini

Offices that have expired in the last five years

Permanent representative of Predica, Director: Eurosic (listed company), Ramsay Santé, Crédit Agricole Immo. Promotion

Permanent representative of Crédit Agricole Assurances, Director: Générale de Santé (listed company)

Director: Foncière Développement Logements (listed company), Beni Stabili (Italy) (listed company)

Board Observer: Frey SA (listed company)

(1) Predica complies with the requirements of the French Commercial Code and French Monetary and Financial Code regarding holding multiple corporate offices.

(2) Mrs Françoise Debrus is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Holding Malakoff Humanis

Director and Member of the Investment Committee and the Ethics, Quality and CSR Committee

Permanent representative: Mrs Anne Ramon



Born on: 6 September 1967 in Neuilly sur Seine (92)

Nationality: French

Holding Malakoff Humanis

A French *société anonyme* (limited company)

Registered office: 21, rue Laffitte, 75009 Paris

Paris Trade and Companies Register No. 401 678 180

Main position held: Chief Communication and Brand Officer at Malakoff Humanis

Date of appointment⁽¹⁾: GM of 18 March 2014

Date of reappointment: GM of 14 June 2018

End of term: GM voting on the financial statements for financial year 2020

Biography

Mrs Anne Ramon is a graduate of the CELSA and political sciences at Université Paris 1. She began her career at a pharmaceutical laboratory, then in the French Government's information department. She then worked for the *Comité Français d'Éducation pour la Santé* (CFES), an organisation under the supervision of the Ministry of Health, where she was responsible for communication campaigns on the prevention of AIDS. She broadened her expertise to cover all of the other major public health issues (tobacco, alcohol, nutrition, accidents and vaccination) as Santé Publique France's Chief Communication Officer. In 2005, she was appointed Patient Communication and Information Director at the *Institut national du cancer* (INCA). In 2016, she joined the Malakoff Médéric group as Chief Communication and Brand Officer and became a member of the EXCOM on 1 January 2019.

Shareholding

At the date of this report, Mrs Anne Ramon does not hold any Korian shares.

At the date of this report, Holding Malakoff Humanis holds 6,353,892 Korian shares.

Offices at Holding Malakoff Humanis⁽²⁾

Offices outside the Group

Director: SCOR SE (listed company), Développement Pleiade, Groupe IRD (listed company)

Member of the Supervisory Board: La Banque Postale Asset Management, Foncière Hospi Grand Ouest

Offices that have expired in the last five years

Director: Médéric Conseil, LVL Médical Groupe, Ignilife France SAS

Member of the Supervisory Board: Quatrem, Sycomore Factory

Offices held by Mrs Anne Ramon⁽³⁾

Offices outside the Group

N/A

Offices that have expired in the last five years

N/A

(1) Holding Malakoff Humanis was appointed by the General Meeting held on 21 March 2012 that adopted a single-tier governance system. In connection with Korian's merger with and takeover of Medica, and subject to the condition precedent that it be completed, the Ordinary General Meeting of 18 March 2014 (i) acknowledged its resignation and (ii) immediately appointed it for an exceptional term of one (1) year expiring at the conclusion of the Ordinary General Meeting of shareholders convened to vote on the financial statements for financial year 2014.

(2) Holding Malakoff Humanis is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

(3) Mrs Anne Ramon is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Investissements PSP

Director and Member of the Investment Committee

Permanent representative: Mr Alexandre Gagnon-Kugler



Born on: 14 June 1979 in Québec (Canada)

Nationality: Canadian

Address: 1250 Boulevard René Lévesque Ouest - H3B 4W8 Montreal, Quebec, Canada

Office d'Investissement des Régimes de Pensions du Secteur Public (Investissements PSP)

A société par actions simplifiée (simplified joint-stock company)

Registered office: 440, avenue Laurier Ouest, Bureau 200, K1R 7 x 6 Ottawa, Ontario, Canada

Quebec company number: 1163980601

Main position held: Senior Director, Global Equity Research, Public Markets and Absolute Return Strategies (PMARS) division at Investissements PSP

Date of co-optation by the Board of Directors: Board of Directors' meeting of 15 July 2015

Date of ratified co-optation: GM of 23 June 2016

Date of reappointment: GM of 22 June 2017

End of term: GM voting on the financial statements for financial year 2019

Biography

Mr Alexandre Gagnon-Kugler has a master's degree in applied financial economics from HEC-Montreal and is a Chartered Financial Analyst (CFA). He spent nine years at Letko Brosseau & Associés, where he was mainly responsible for macroeconomic and equity research, and portfolio management and securities selection for bond mandates. Mr Alexandre Gagnon-Kugler joined Investissements PSP in 2013 and is currently Senior Director, Global Equity Research, within the Public Markets and Absolute Return Strategies (PMARS) division at PSP.

Shareholding

At the date of this report, Mr Alexandre Gagnon-Kugler does not hold any Korian shares.

At the date of this report, Investissements PSP holds 5,400,000 Korian shares.

Offices held by Investissements PSP

Investissements PSP is a Canadian Crown Corporation subject to the Access to Information Act. This Act contains an exemption which allows Investissements PSP to refuse to release its commercial information (such as the offices it holds in private companies) in response to a request, provided such information is consistently treated as confidential.

Intentionally disclosing to the public, or treating as non-confidential, the offices held by Investissements PSP, would deprive such information of legal protection.

Mr Alexandre Gagnon-Kugler's offices⁽¹⁾

Offices outside the Group

N/A

Offices that have expired in the last five years

N/A

⁽¹⁾ Mr Alexandre Gagnon-Kugler is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Mr Jean-François Brin**Director, Member of the Investment Committee and the Audit Committee***Born on:* 5 April 1964 in Angers (49)*Nationality:* French*Address:* Résidences du Port, 795 avenue du Général de Gaulle, 06210 Mandelieu la Napoule*Main position held:* Founder & CEO of ES Consulting and ES Business Health*Date of appointment:* GM of 6 June 2019*End of term:* GM voting on the financial statements for financial year 2021**Biography**

Mr Jean-François Brin is a Doctor of Medicine (University of Dijon) and holds a Specialised Master's degree in Intelligence Marketing from the HEC business school. He joined Rhône-Poulenc Rorer France in 1993 and took on various positions in the fields of psychiatric disorders, neurodegenerative diseases and rheumatology. He became Vice-President Global Marketing Thrombosis & Internal Medicine when Sanofi took over Aventis, and was appointed Senior Vice-President of the Cardiovascular Division in 2010. He left the group in late 2015 to set up his own healthcare consultancy and capitalise on his international experience of commercial operations, acquisitions and alliances in the pharmaceutical industry. He is also a shareholder in several healthcare start-ups and is involved in their development.

Shareholding

At the date of this report, Mr Jean-François Brin holds 200 Korian shares.

Offices outside the Group⁽¹⁾

N/A

Offices that have expired in the last five years

N/A

(1) Mr Jean-François Brin is in compliance with applicable laws and recommendations on holding multiple corporate offices.

Mr Jean-Pierre Duprieu**Director, Chairman of the Compensation and Appointments Committee and member of the Audit Committee***Born on:* 13 April 1952 in Chartres (28)*Nationality:* French*Address:* 10, rue Danton, 75006 Paris*Date of appointment:* GM of 23 June 2016*Date of reappointment:* GM of 6 June 2019*End of term:* GM voting on the financial statements for financial year 2021**Biography**

Mr Jean-Pierre Duprieu graduated from the Institut national agronomique de Paris Grignon (AgroParisTech), from the Institut de contrôle de gestion de Paris and the International Forum (advanced management programme in conjunction with Wharton University). He joined the Air Liquide Group in 1976, where he has spent his entire career, and has held various commercial, operational and strategic positions. For nearly ten years he headed the Europe, Middle East and Africa region, before taking over the Asia Pacific region in 2005 as a member of the Group Executive Committee based in Tokyo, Japan. From the start of 2010 to the end of 2016, when he retired from the Air Liquide Group, he oversaw the Europe region and Healthcare business, in addition to the Group's Purchasing and IT divisions. During this time he was Deputy CEO of the group.

He also serves on Michelin's Supervisory board and is a member of its Audit Committee. He is a member of the Board of Directors of the SEB group. In addition, on a voluntary basis, he is Chairman of the AgroParisTech Foundation, Chairman of the Musica Solis Foundation and Chairman of the French Comité de la Charte du Don en Confiance (Charity Accountability Association).

Shareholding

At the date of this report, Mr Jean-Pierre Duprieu holds 1,660 Korian shares.

Offices outside the Group⁽¹⁾

Member of the Supervisory Board: Michelin (listed company)

Member of the Board of Directors: SEB group (listed company)

Chairman of the AgroParisTech Foundation and the Musica Solis Foundation

Offices that have expired in the last five years

Director: Air Liquide Santé International, Air Liquide Welding (ALW) SA

Chairman of the Board of Directors: Air Liquide Eastern Europe

Deputy CEO: L'Air Liquide SA (listed company)

⁽¹⁾ Mr Jean-Pierre Duprieu is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Mrs Anne Lalou**Director and Chairwoman of the Ethics, Quality and CSR Committee***Born on:* 6 December 1963 in Paris (75)*Nationality:* French*Address:* 59, rue Nationale, 75013 Paris*Main position held:* Chief Executive Officer of the Web School Factory and Chairwoman of Innovation Factory*Date of appointment:* GM of 18 March 2014*Date of reappointment:* GM of 6 June 2019*End of term:* GM voting on the financial statements for financial year 2021**Biography**

A graduate of the ESSEC, Mrs Anne Lalou has managed the Web School Factory (a digital management school) since 2012 and the Innovation Factory since 2013, and has been a member of the *Conseil national du numérique* (national digital council) since 2018. She started her career in Lazard's Mergers and Acquisitions Department in London and then Paris, before becoming Head of New Projects and Development at Havas.

She was then Chair and CEO of Havas Édition Électronique before joining Rothschild & Cie as Manager. In 2002, Mrs Anne Lalou joined Nexity as Corporate Secretary and Development Director, before becoming CEO of Nexity Franchises in 2006 and then Deputy Chief Executive Officer of the Distribution division until 2011.

She is a member of the Board of Directors of Natixis and is a member of the Compensation and Appointments Committees and Chair of the Strategy Committee. She also serves on Eurazeo's Supervisory Board and its Finance Committee, and chairs its CSR Committee.

Shareholding

At the date of this report, Mrs Anne Lalou holds 1,180 Korian shares.

Offices outside the Group⁽¹⁾**Director:** Natixis (listed company)**Member of the Supervisory Board:** Eurazeo (listed company)**Chief Executive Officer:** Web School Factory**Chairwoman:** Innovation Factory**Offices that have expired in the last five years****Chairwoman:** Nexity Solutions**Director:** Medica, Kea & Partners**Member of the Supervisory Board:** Foncia Holding, Foncia Groupe (listed company)**Chief Executive Officer:** Nexity Solutions

(1) Mrs Anne Lalou is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Dr Markus Müschenich**Director and member of the Ethics, Quality and CSR Committee***Born on:* 9 June 1961 in Düsseldorf (Germany)*Nationality:* German*Address:* Friedrichstrasse 68, 10117 Berlin, Germany*Main position held:* Managing Partner of Flying Health*Date of appointment:* GM of 22 June 2017*End of term:* GM voting on the financial statements for financial year 2019**Biography**

Dr Markus Müschenich is a graduate of the Universities of Düsseldorf (public health) and Münster (medicine) and began his career in 1987 as a consultant in the paediatrics department of the University of Düsseldorf. In 1996, he became an independent management consultant, specialising in strategy, development and restructuring. In 1998, he became an expert in digital solutions in the health field as an assistant to the Chief Executive Officer and Medical Director of the Berlin Trauma Center between 1999 and 2001. In 2002, he became a member of the Board of Directors and Chief Medical Officer of the Paul-Gerhardt-Diakonie Hospital. From 2009 to 2012, he was a member of the Board of Directors and, during the last six months, Chief Medical Officer of Sana Kliniken. He is currently Managing Partner of Flying Health, which he created in 2012. In 2016, he set up the Flying Health Incubator, which provides support for start-ups developing digital solutions for healthcare systems. In addition, Dr Markus Müschenich is currently a member of the AOK-Bundesverband (regulatory health insurance) Scientific Institute's Quality Management Advisory Board.

Shareholding

At the date of this report, Dr Markus Müschenich holds 77 Korian shares.

Offices outside the Group⁽¹⁾

N/A

Offices that have expired in the last five years

N/A

⁽¹⁾ Dr Markus Müschenich is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Mrs Catherine Soubie**Director, Chairwoman of the Audit Committee and Member of the Compensation and Appointments Committee***Born on:* 20 October 1965 in Lyon (69)*Nationality:* French*Address:* 137, rue de l'Université, 75007 Paris*Main position held:* Chief Executive Officer of Arfilia*Date of appointment:* GM of 18 March 2014*Date of reappointment:* GM of 14 June 2018*End of term:* GM voting on the financial statements for financial year 2020**Biography**

A graduate of the *École Supérieure de Commerce de Paris*. Mrs Catherine Soubie has been the Chief Executive Officer of Arfilia since 2016. She began her career in 1989 at Lazard in London, before relocating to its Paris office, where she was Director of Financial Affairs. She then held a variety of positions at Morgan Stanley in Paris, notably Managing Director. From 2005 to 2010, she served as Deputy CEO of Rallye. In 2010, she joined Barclays as Managing Director, Head of Investment Banking for France, Belgium and Luxembourg.

Shareholding

At the date of this report, Mrs Catherine Soubie holds 6,900 Korian shares.

Offices outside the Group⁽¹⁾**Chief Executive Officer:** Arfilia SAS, Alixio, Taddeo (Arfilia group)**Director:** Covivio (listed company), Sofina (listed company)**Chairwoman:** Financière Verbateam, Verbateam (Arfilia group)**Offices that have expired in the last five years****Managing Director – Head of Investment Banking (France, Belgium and Luxembourg):** Barclays

⁽¹⁾ Mrs Catherine Soubie is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Mrs Marie-Christine Leroux**Director representing employees and Member of the Ethics, Quality and CSR Committee***Born on:* 16 February 1961 in Merville (59)*Nationality:* French*Address:* 12, chemin du Houga, 32720 Barcelonne-du-Gers*Main position held:* Manager of long-term care nursing homes (Korian Villa Castera and Korian Le Clos d'Armagnac)*Date of appointment:* 1 September 2019*End of term:* GM voting on the financial statements for financial year 2021**Biography**

Mrs Marie-Christine Leroux graduated with a management certificate from ESSEC, an MBA in Human Resources Management from Université de Paris Dauphine and the INSEEC Business School in Bordeaux. She began her career as a self-employed physiotherapist then, from 1996 to 2006, she worked as training manager and financial controller at *Assistance Publique – Hôpitaux de Paris* (the teaching hospital in Paris). She joined Korian in 2006 as a post-acute care manager before becoming a long-term care nursing homes manager in 2012. Since 2015, she has been the manager of the Korian Villa Castera long-term care nursing home and has also managed the Korian Le Clos d'Armagnac home since September 2019. She has held several offices as elected UNSA employee representative from April 2016 to July 2019 in the Korian group.

Shareholding

At the date of this report, Mrs Marie-Christine Leroux does not hold any Korian shares.

Offices outside the Group⁽¹⁾

N/A

Offices that have expired in the last five years

N/A

(1) Mrs Marie-Christine Leroux is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Employee representation

Article 11.4 of the Company's articles of association provides that, in accordance with article L. 225-27-1 et seq. of the French Commercial Code, the Board of Directors shall have one (or two) Director(s) representing employees:

- if only one Director is to be appointed, he/she shall be chosen by the trade union that received the highest number of votes in the first round of the elections referred to in articles L. 2122-1 and L. 2122-4 of the French Labour Code within the Company and its direct or indirect subsidiaries headquartered in France;
- if two Directors are to be appointed, (i) the first Director is chosen by the trade union that received the highest number of votes in the first round of the elections referred to in articles L. 2122-1 and L. 2122-4 of the French Labour Code within the Company and its direct or indirect subsidiaries headquartered in France and (ii) the second Director is chosen by the European Works Council.

When the terms of office of the Director(s) representing employees expire, the relevant trade union or the European Works Council, depending on the circumstances, will be requested, in a letter that is hand-delivered in exchange for a signed receipt or in a registered letter with acknowledgement of receipt, to appoint a Director representing employees who meets the conditions required by law, in particular the conditions laid down in article L. 225-28, paragraph 1 of the French Commercial Code and article L. 225-30 of the French Commercial Code. Within 15 days, the trade union or the European Works Council, as the case may be, must provide the name and position of the Director appointed to represent employees to the Chairman of the Board of Directors by recorded delivery letter.

Mrs Hafida Cola's term of office as Director representing employees expired at the conclusion of the 2019 Meeting.

Accordingly, the most representative trade union within the Group appointed Mrs Marie-Christine Leroux as Director representing employees with effect from 1 September 2019.

On 31 July 2019, the Board of Directors decided to appoint Mrs Marie-Christine Leroux as member of the Ethics, Quality and CSR Committee with effect from 1 September 2019.

The Director representing employees receives 40 hours of training every year, to begin within four months of being appointed, where he/she is new to the role.

Since taking up the role, Mrs Marie-Christine Leroux has undergone a training programme provided by an external organisation that specialises in training Directors, covering, *inter alia*, the role and the operations of the Board of Directors, the rights, obligations and responsibilities of Directors and the process of approving the financial statements. Like any new Director, she took an internal integration course, which took the form of meetings with the Group's key managers and site visits to the various countries in which the Group operates.

Under article L. 225-27-1 of the French Commercial Code, as amended by the Pacte Law no. 2019-486 of 22 May 2019, which provides that a second Director representing employees is to be appointed if the Board has more than eight members (compared to 12, previously), the European Works Council will appoint a second Director representing employees within six months of the General Meeting of shareholders convened to vote on the financial statements for the 2019 financial year.

In addition, one Central Works Council representative attends Board of Directors' meetings in a non-voting capacity.

Board Observer

Article 11.1.5 of the Company's articles of association defines and specifies the procedures for appointing a Board Observer, as well as their duties and powers. The Board Observer attends Board meetings in a non-voting capacity and provides general advice to Directors, who are not bound by his advice or recommendations. The Board Observer is required to comply with the Board's Internal Regulations, as well as the obligations imposed on Directors.

The Company's policy has been not to have a permanent Board Observer. However, following the increased free float following Korian's merger and takeover of Medica, having an Observer has offered balance and continuity.

Mr Guy de Panafieu, whose term as Director was set to expire at the end of the General Meeting held in 2019, resigned early, on 21 June 2017 at midnight, in order to enable a balanced renewal of the Board. Therefore, to continue to benefit from his strategic and financial vision given his presence at the time of Korian's merger and takeover of Medica and his experience as Chairman of the Audit Committee of Medica and then of Korian, Mr Guy de Panafieu was appointed Board Observer by the General Meeting held on 22 June 2017 for a two-year term expiring at the end of the 2019 General Meeting (which coincides with the expiry date of his former term of office as Director).

The Board, at its 14 March 2019 meeting, on the recommendation of the Compensation and Appointments Committee, decided not to ask the 2019 Meeting to appoint a new Board Observer.

4.1.3.1.2 Diversity policy

The Board of Directors regularly reviews its own composition and the composition of its Committees in order to enhance and advance their diversity, which is a guarantee of objectivity, experience and independence for the Company's shareholders. The procedures governing its organisation and operation are set out in its Internal Regulations, as well as in the ethical rules its members are required to observe. In accordance with article 6.2 of the AFEP-MEDEF Code, at its

27 February 2020 meeting, the Board of Directors, on the recommendation of the Compensation and Appointments Committee, reviewed the balance of its composition, which it deemed satisfactory in particular with regard to the mix of genders, nationalities and diversity of expertise. This multinational and balanced membership, which includes active and committed members with complementary experience and skills, ensures the quality of discussions and the appropriateness of the Board's decision-making.

Diversity policy applied to the Board of Directors' members

Criterion	Objective	Implementation procedures and results obtained
Equality Gender balance on the Board	The percentage of Directors of each gender cannot be less than 40% at the end of the first Ordinary General Meeting after 1 January 2017. <i>(article L. 225-18-1 of the French Commercial Code)</i> Gender balance on the Committees.	40% women (four women and six men) since the 2019 General Meeting ⁽¹⁾ . Two Committees out of four are chaired by a woman (Audit Committee and the Ethics, Quality and CSR Committee).
Nationalities International profiles	Seeking of foreign profiles and/or people with international experience to ensure the best balance in the Board's composition, given the Company's international development.	There are three different nationalities represented on the Board (France, Germany and Canada). The majority of Directors have an international career and international responsibilities.
Areas of expertise and complementary nature of profiles	Seeking of profiles that are complementary in terms of areas of expertise.	Expertise represented: experience of general management, strategy, financial expertise, mergers and acquisitions, knowledge of the healthcare sector, real estate, investments, human resources, public policy, environment, labour relations, digital, IT and innovation. The complementary nature of the experience offered in these areas enables realistic and effective decision-making for dealing with the issues and challenges Korian faces.
Independence of Directors	At least 50% Independent Directors. <i>(article 9.3 of the AFEP-MEDEF Code)</i>	50% Independent Directors.
Age of Directors	At least two-thirds of the Board's members must be under the age of 70. <i>(article 11.1.1 of the Company's articles of association)</i>	10 out of 11 Directors are under the age of 70. An average age of 57: Directors range in age from 40 to 71.
Length of service of Directors	Seeking of a balanced representation on the Board in terms of length of service.	The Board considers that its composition is balanced, with Directors with historic knowledge of Korian alongside Directors who have joined the Board more recently, who can offer a new vision and new experience.
Employee representation	At least one Director representing employees. Within six months of the Combined General Meeting of shareholders convened to vote on the financial statements for the 2019 financial year, at least two Directors representing employees. <i>(Article L. 225-27-1 of the French Commercial Code and article 11.4 of the Company's articles of association)</i>	One Director representing employees. The second Director representing employees will be appointed by the European Works Council within six months of the General Meeting of shareholders convened to vote on the financial statements for the 2019 financial year.

⁽¹⁾ Mrs Marie-Christine Leroux, the Director representing employees, is not included in this calculation, pursuant to article L. 225-27-1 of the French Commercial Code.

Expertise on the Board of Directors



91%

Experience of General Management/ Strategy/ International



73%

Financial/ M&A expertise



64%

Knowledge of the healthcare sector



64%

Real estate/ Investments



55%

Human resources/ Public policy /Environment/ Labour relations



36%

IT/Digital/ Innovation

	Experience of General Management/ Strategy/ International	Financial/ M&A expertise	Knowledge of the healthcare sector	Real estate/ Investments	Human resources/ Public policy /Environment/ Labour relations	IT/Digital/ Innovation
Mr Christian Chautard	✓	✓	✓	✓		
Mr Jérôme Grivet	✓	✓		✓	✓	
Predica (Mrs Françoise Debrus)	✓	✓	✓	✓		
Holding Malakoff Humanis (Mrs Anne Ramon)	✓		✓		✓	✓
Investissements PSP (Mr Alexandre Gagnon-Kugler)	✓	✓		✓		
Mr Jean-François Brin	✓	✓	✓	✓		
Mr Jean-Pierre Duprieu	✓	✓	✓			✓
Mrs Anne Lalou	✓	✓		✓	✓	✓
Mr Markus Müschenich	✓		✓		✓	✓
Mrs Catherine Soubie	✓	✓		✓	✓	
Mrs Marie-Christine Leroux			✓		✓	

Table summarising the composition of the Board of Directors

Directors	Date appointed	Date reappointed	Term of office expires	Committees	Age	Gender	Nationality	International experience
Chairman								
Mr Christian Chautard	GM of 18 March 2014	GM of 22 June 2017	GM voting on the financial statements for financial year 2019	Investment Committee	71 years	M	French German	United States Germany
Institutional Directors								
Mr Jérôme Grivet	GM of 18 March 2014	GM of 22 June 2017	GM voting on the financial statements for financial year 2019	Investment Committee (Chairman)	58 years	M	French	Former Chairman of a Greek company and former Chairman and Director of various Italian companies
Predica – represented by Mrs Françoise Debrus	GM of 18 March 2014	GM of 14 June 2018	GM voting on the financial statements for financial year 2020	Audit Committee Compensation and Appointments Committee	60 years	F	French	Former Director of an Italian company
Holding Malakoff Humanis – represented by Mrs Anne Ramon	GM of 18 March 2014	GM of 14 June 2018	GM voting on the financial statements for financial year 2020	Investment Committee Ethics, Quality and CSR Committee	52 years	F	French	-
Investissements PSP – represented by Mr Alexandre Gagnon-Kugler	Board meeting of 15 July 2015 (co-optation) GM of 23 June 2016 (ratification)	GM of 22 June 2017	GM voting on the financial statements for financial year 2019	Investment Committee	40 years	M	Canadian	Canada Europe Asia Developing countries United States
Independent Directors								
Mr Jean-François Brin	GM of 6 June 2019	-	GM voting on the financial statements for financial year 2021	Audit Committee Investment Committee	56 years	M	French	United States
Mr Jean-Pierre Duprieu	GM of 23 June 2016	GM of 6 June 2019	GM voting on the financial statements for financial year 2021	Audit Committee Compensation and Appointments Committee (Chairman)	68 years	M	French	Europe Africa Middle East Asia
Mrs Anne Lalou	GM of 18 March 2014	GM of 6 June 2019	GM voting on the financial statements for financial year 2021	Ethics, Quality and CSR Committee (Chairwoman)	56 years	F	French	UK
Dr Markus Müschenich	GM of 22 June 2017	-	GM voting on the financial statements for financial year 2019	Ethics, Quality and CSR Committee	58 years	M	German	Germany
Mrs Catherine Soubie	GM of 18 March 2014	GM of 14 June 2018	GM voting on the financial statements for financial year 2020	Audit Committee (Chairwoman) Compensation and Appointments Committee	54 years	F	French	UK Benelux
Director representing employees								
Mrs Marie-Christine Leroux	1 September 2019	-	GM voting on the financial statements for financial year 2021	Ethics, Quality and CSR Committee	59 years	F	French	-

4.1.3.1.3 Independence of Directors

In accordance with article 9.3 of the AFEP-MEDEF Code, half of the Board's members are independent. The Director(s) representing employees is/are not included in the calculation of this percentage.

In accordance with article 9.4 of the AFEP-MEDEF Code, the Board of Directors reviews Directors' independence

whenever Directors are appointed, as well as annually for all Directors, after obtaining the opinion of the Compensation and Appointments Committee.

The independence criteria the Board of Directors applies, which are set out below, are in line with the relevant provisions of article 9.5 of the AFEP-MEDEF Code in this area:

Criterion 1: Employee or corporate officer within the five previous years

The Director is not, and has not been, in the previous five years:

- an employee or executive corporate officer of the Company;
 - an employee, executive corporate officer or Director of a consolidated subsidiary of the Company;
 - an employee, executive corporate officer or Director of the Company's parent company or of a consolidated subsidiary of that parent company.
-

Criterion 2: Cross-directorships

The Director is not an executive corporate officer of a company in which the Company directly or indirectly is a Director, or in which an employee appointed for such purpose or an executive corporate officer of the Company (currently or within the past five years) is a Director.

Criterion 3: Significant business relationships

The Director is not:

- a material customer, supplier, investment banker, commercial banker or adviser of the Company or its Group;
- a customer, supplier, investment banker, commercial banker or adviser that is dependent on the Company or its Group for a material proportion of its business.

Whether or not the Director's relationship with the Company or the Group is material is discussed by the Board and the quantitative and qualitative factors used to make the assessment (continuity, economic dependence, exclusivity, etc.) are explained in the annual report.

Criterion 4: Family ties

The Director does not have any close family ties with a corporate officer.

Criterion 5: Statutory auditor

The Director has not been a Statutory auditor of the Company over the past five years.

Criterion 6: Term of office greater than 12 years

The Director has not been a Director of the Company for more than 12 years. A person ceases to be an Independent Director on the twelfth anniversary of his/her appointment.

Criterion 7: Status of non-executive corporate officer

A non-executive corporate officer is not considered to be independent if he/she receives variable compensation in cash or in shares or any compensation linked to the Company's or the Group's performance.

Criterion 8: Status of the shareholder

Directors representing major shareholders in the Company or its parent company may be deemed independent if they are non-controlling shareholders. Where, however, the shareholding or voting rights exceed 10%, the Board, based on a report prepared by the Appointments Committee, will systematically question whether the independence criteria are met, taking into account the Company's shareholder structure and the existence of any potential conflict of interest.

Each year, the Directors complete and sign the form sent to them by the Secretary of the Board of Directors on their list of offices and on existing and potential conflicts of interest. Directors are required to notify the Secretary of the Board, who will then inform the Chairman and the Chief Executive Officer, of any changes to the information provided on the form during the year. Before each meeting of the Board of Directors, the Directors are also required to sign a statement confirming the current accuracy of the information contained in the form, which is kept up to date by the Secretary of the Board.

The Board of Directors has adopted a multi-criteria approach to significant business relationships:

- from a quantitative perspective, with thresholds based on:
 - the Group's total acquisition cost for purchases made by Korian and the Group's proportion of the supplier's revenue,
 - the Group's total net indebtedness under loans taken out by Korian and the Group's proportion of the bank's revenue,
 - the Group's total leasing expenditure under leases granted to Korian and the Group's proportion of the lessor's revenue;

- from a qualitative perspective, the following criteria are taken into account:
 - economic dependence,
 - the relevant Director's involvement and his/her decision-making power,
 - the length and the continuity of the business relationships,
 - market conditions.

The following procedure is followed in reviewing business relationships:

- preliminary review of the business relationship by the Chief Executive Officer to assess its materiality, on a case-by-case basis, based on the criteria established by the Board of Directors;
- in the event of any doubt, the Chief Executive Officer will refer the matter to the Chairman of the Compensation and Appointments Committee, who will decide whether to convene a meeting of the Committee;
- in addition, an annual review of the independence of the Directors by the Board of Directors on the

recommendation of the Compensation and Appointments Committee.

At its 5 December 2019 meeting, the Board of Directors, in accordance with the recommendations of article 9.4 of the AFEP-MEDEF Code, and after obtaining the opinion of the Compensation and Appointments Committee, reviewed the independence of the Directors.

The Compensation and Appointments Committee reviewed the business relationships that may exist between the Company and the companies in which these Directors hold office and concluded that the independent members either have no business relationships or no significant business relationships with the Company.

The Board, on the recommendation of the Compensation and Appointments Committee, considered that five Directors were independent, namely Mr Jean-François Brin, Mr Jean-Pierre Duprieu, Mrs Anne Lalou, Dr Markus Mûschenich and Mrs Catherine Soubie, i.e. 50% of the Directors.

Table summarising each Director's situation with regard to the independence criteria set out in article 9 of the AFEP-MEDEF Code⁽¹⁾

Name	1 Employee or Corporate Officer	2 Cross- directorships	3 Significant business relationships	4 Family ties	5 Statutory auditors	6 Term of office > 12 years	7 Status of the Non-Executive Corporate Officer	8 Status of the major shareholder	Classification
Christian Chautard	X ⁽²⁾	✓	✓	✓	✓	✓	✓	✓	Non-independent
Jérôme Grivet	✓	✓	✓	✓	✓	✓	✓	X ⁽³⁾	Non-independent
Predica (Françoise Debrus)	✓	✓	✓	✓	✓	✓	✓	X	Non-independent
Holding Malakoff Humanis (Anne Ramon)	✓	✓	✓	✓	✓	✓	✓	X	Non-independent
Investissements PSP (Alexandre Gagnon-Kugler)	✓	✓	✓	✓	✓	✓	✓	X	Non-independent
Jean-François Brin	✓	✓	✓	✓	✓	✓	✓	✓	Independent
Jean-Pierre Duprieu	✓	✓	✓	✓	✓	✓	✓	✓	Independent
Anne Lalou	✓	✓	✓	✓	✓	✓	✓	✓	Independent
Markus Mûschenich	✓	✓	✓	✓	✓	✓	✓	✓	Independent
Catherine Soubie	✓	✓	✓	✓	✓	✓	✓	✓	Independent
Marie-Christine Leroux ⁽⁴⁾					N/C				Employee representative

(1) In this summary table, ✓ means that an independence criterion has been met and X means that an independence criterion has not been met.

(2) From 18 November 2015 to 26 January 2016, the offices of Chairman of the Board of Directors and Chief Executive Officer of Korian were combined and were temporarily held by Mr Christian Chautard.

(3) Between the end of 2010 and May 2015, and particularly at the time of his appointment as a Korian Director, Mr Jérôme Grivet was the Chief Executive Officer of Predica, a major shareholder in the Company. He is currently Deputy Chief Executive Officer responsible for Group finances at Crédit Agricole SA, Predica's parent company.

(4) In accordance with article 9.3 of the AFEP-MEDEF Code, the Directors representing employees are not included in the calculation of the Board of Directors' percentage of independence.

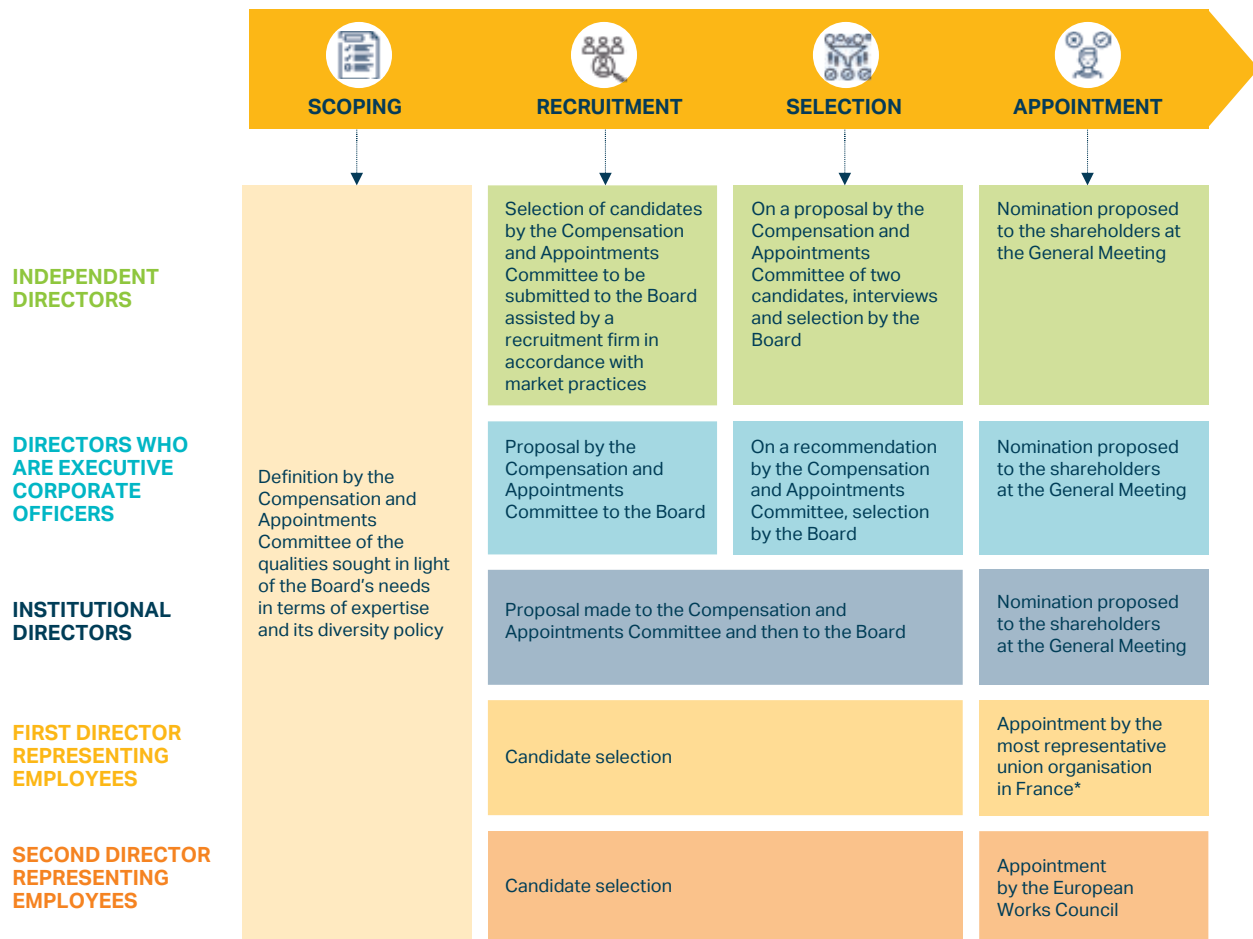
Moreover, the Audit Committee, the Compensation and Appointments Committee and the Ethics, Quality and CSR Committee are chaired by Independent Directors (by Mrs Catherine Soubie, Mr Jean-Pierre Duprieu and Mrs Anne Lalou, respectively).

4.1.3.1.4 Appointment and integration process

Appointment process

Process of appointing a new Director

There are four categories of Director on Korian's Board of Directors: Independent Directors, executive corporate officers, Institutional Directors and Directors representing employees. There is a specific appointment process for each category.



* The most representative union organisation is the organisation that receives the highest number of votes in the first round of the elections referred to in articles L. 2122-1 and L. 2122-4 of the French Labour Code within the Company and its direct or indirect subsidiaries headquartered in France.

Integration process

Directors are offered an integration process that includes (i) the Secretary of the Board of Directors providing them with documents necessary for them to taking up their duties (the Company's articles of association, Internal Regulations, universal registration document, half-yearly financial report, stock market code of ethics, minutes of meetings of the Board of Directors and Company press releases for the year in progress, risk mapping, Group organisation chart, CSR commitments, etc.) as part of a presentation on the operations of the Board of Directors and its committees, (ii) site visits in the countries in which the Group operates including a presentation of business lines, and (iii) meetings with the Group's main managers.

If they deem it necessary, each new Director may receive additional training covering the Company's specific characteristics, its business lines and its activities.

Terms of office

In accordance with the recommendations of the AFEP-MEDEF Code that Directors' terms of office should not exceed four years, the articles of association provide that the term of office for the Company's Directors is three years. In addition, the terms of office are staggered and one-third of the Directors are renewed each year. Furthermore, the duration of the term of office of the Director representing employees is three years, expiring at the conclusion of the General Meeting of shareholders that votes on the financial statements for the previous year and that is held during the year in which his/her term expires.

The table below shows the duration of each Director's term of office

Directors whose term of office expires after the AGM convened to vote on the financial statements for the 2019 financial year	Directors whose term of office expires after the AGM convened to vote on the financial statements for the 2020 financial year	Directors whose term of office expires after the AGM convened to vote on the financial statements for the 2021 financial year
Mr Christian Chautard (Chairman of the Board of Directors)	Predica, represented by Mrs Françoise Debrus	Mr Jean-Pierre Duprieu (Independent Director)
Mr Jérôme Grivet	Holding Malakoff Humanis, represented by Mrs Anne Ramon	Mrs Anne Lalou (Independent Director)
Investissements PSP (represented by Mr Alexandre Gagnon-Kugler)	Mrs Catherine Soubie (Independent Director)	Mr Jean-François Brin (Independent Director)
Dr Markus Mûschenich (Independent Director)	-	Mrs Marie-Christine Leroux (Director representing employees) ⁽¹⁾

(1) Mrs Marie-Christine Leroux was appointed by the most representative union organisation, within the meaning of the applicable laws, in accordance with the procedures described in "Employee representation" on page 160 of the universal registration document.

Focus: Changes in the composition of the Board of Directors proposed to the General Meeting convened to approve the financial statements for the 2019 financial year

The following resolutions will be put to the shareholders at the General Meeting convened to vote on the financial statements for the 2019 financial year (the "**2020 Meeting**"):

- the renewal of the directorship of Mr Christian Chautard. In the event that Mr Christian Chautard's directorship is renewed, he will be reappointed by the Board as Chairman of the Board of Directors on the conclusion of the 2020 Meeting, for a term of the same length his directorship;
- the renewal of the directorship of Dr Markus Mûschenich (Independent Director);
- the appointment of Mrs Sophie Boissard, Chief Executive Officer, as a Director;
- the appointment of Mr Philippe Dumont, Deputy Chief Executive Officer of Crédit Agricole SA, Head of Insurance and Chief Executive Officer of Crédit Agricole Assurances and Predica, as a Director;

for a three-year term expiring at the conclusion of the General Meeting of shareholders convened to vote on the financial statements for the financial year ending 31 December 2022.

Following the 2020 Meeting, the Board of Directors would then be composed of an equal number of male and female Directors and half of the Directors would be Independent Directors.

4.1.3.2 Organisation, operations and activities of the Board of Directors

4.1.3.2.1 Duties and powers of the Board of Directors

Role of the Board of Directors

The Board of Directors determines the Company's business strategy and ensures that it is carried out, in accordance with the Company's interests, and with due consideration of the social and environmental issues associated with its business activity. Subject to the powers expressly granted to Shareholders' meetings and within the limits of the corporate purpose, it studies all matters relating to the proper operation of the Company and through its decisions resolves issues concerning it. In this respect, it performs any checks it considers necessary, at any time of the year, and it is entitled to request any documents from the General Management that it deems of use in carrying out its duties. The Board reviews press releases and presentations made to the French Society of Financial Analysts (SFAF).

The members of the Board are also informed of market developments, the competitive environment and the Company and the Group's principal challenges, including in the field of corporate social responsibility (CSR). They are also promptly informed of the Company's financial situation, cash position and its commitments.

The Board of Directors is responsible for the quality of the information provided to the shareholders and to the market. It regularly reviews, guided by the strategy that it has set, the financial, legal, operational, social and environmental opportunities and risks, and the steps taken as a result and ensures that a system is in place to prevent and detect corruption and influence peddling and that a non-discrimination and diversity policy is applied by the management bodies.

The currently valid financial delegations and authorisations, which were granted to the Board of Directors by the General Meetings of 14 June 2018 and 6 June 2019 are described in section 7.2.3.1 of this universal registration document.

Focus: Dialogue with shareholders

Korian is engaged in a permanent and transparent dialogue with its individual and institutional shareholders through a variety of communication media (press releases, annual report, letters to shareholders) and the organisation of events that offer a more detailed insight into the Group's activities and strategy. This dialogue is entered into either directly by the Chairman of the Board of Directors and the Chief Executive Officer (General Meetings, meetings with principal investors, governance roadshows, etc.), or by Korian's teams (investor and CSR roadshows and meetings preparatory to General Meetings, site visits, etc.) in compliance with the principles of the stock market code of conduct and equal access to information.

Directors also attend all General Meetings and are available for discussions, if shareholders so wish.

Details of the policy on providing information to shareholders is included in section 7.4.3 of this universal registration document.



Discussions with shareholders following the General Meeting held on 6 June 2019.

Internal rules governing operations requiring the Board of Directors' prior authorisation

Article 11.3 of the Company's articles of association and article 1.4.2 of the Internal Regulations list the matters that must be submitted for prior approval to the Board of Directors, which include:

- a) the approval of the Company's strategic business plan and subsequent amendments thereto;
- b) the approval of the annual budget;
- c) the disposal of properties by the Group with a value greater than €15 million;
- d) the full or partial sale of equity interests by the Group with a value greater than €15 million;
- e) obtaining loans by the Group for an amount greater than €50 million;
- f) acquiring assets (such as companies or equity investments), with an enterprise value greater than €15 million;
- g) any investment by the Group that falls outside the Group's pre-existing business activities/areas (determined at a local level) or in a new country;
- h) entry into a strategic partnership (including an equity investment that does not give the Group a controlling interest) that may have a structural impact for the Group;
- i) entry into a settlement or agreement in respect of a dispute for an amount in excess of €5 million pour the Group.

By way of exception, the transactions referred to in:

- c), d), e) and f) above do not require the Board of Directors' authorisation where they are carried out between Group companies save (i) where the transactions is carried out by Korian SA and/or (ii) where the transaction has a material impact on the Group;

- g), h) and i) above do not require the Board of Directors' authorisation where they are carried out between Group companies.

4.1.3.2.2 The Board of Directors' Internal Regulations

The Internal Regulations describe the operation of the Board and set out the rules of conduct its members are required to follow, in order to ensure transparency and good corporate governance and to enable the Board to perform its supervisory duties effectively, in accordance with generally accepted market practices. In particular, the Internal Regulations set out:

- the Directors' duties and the ethical rules they must follow, especially with respect to preventing conflicts of interest, holding the Company's securities, their duties of loyalty, diligence and confidentiality;
- the frequency of meetings and practical aspects thereof, in particular concerning the use of telecommunications and videoconferencing;
- the powers of the Board of Directors;
- the operating rules of Committees.

The Board of Directors regularly updates its Internal Regulations. The Internal Regulations were last updated on 5 December 2019, notably to clarify and adapt (i) the scope of transactions that require the prior authorisation of the Board of Directors, (ii) the roles of certain Committees and (iii) the rules on the allocation of the compensation of the Directors, and to reflect the most recent market recommendations.

In accordance with the recommendations of the AFEP-MEDEF Code, the Internal Regulations are available for download, without restriction, from the Company's website (www.korian.com).

4.1.3.2.3 Operations of the Board of Directors

The Board of Directors meets as often as necessary, and at least once per quarter. Directors may be given notice of such meetings by any means, including by ordinary post. Board of Directors' meetings are held at the registered office or at any other location specified in the notice of meeting. Meetings are chaired by the Chairman of the Board of Directors.

To facilitate Board meetings and thereby increase its efficiency, the Internal Regulations also stipulate that Board meetings may, under certain conditions, be held using means of telecommunications or video-conferencing tools to allow the participation of one or more members, with the exception of meetings convened to discuss certain matters for which the French Commercial Code prohibits the use of such tools.

Pursuant to article L. 225-37 of the French Commercial Code, as amended by Law no. 2019-744 of 19 July 2019, the shareholders will be asked at the 2020 Meeting to amend the Company's articles of association to enable the following decisions to be made by a written consultation of the Directors: the provisional appointment of Board members (article L. 225-24 of the French Commercial Code), the approval of guarantees, pledges and security interests granted by the Company (under the final paragraph of article L. 225-35 of the French Commercial Code), the decision taken pursuant to

authority delegated by the General Meeting to amend the articles of association to render them compliant with laws and regulations (paragraph 2 of article L. 225-36 of the French Commercial Code), convening the General Meeting (article L. 225-103-I of the French Commercial Code) and transferring the Company's registered office within the same department (paragraph 3 of article L. 225-37 of the French Commercial Code).

Meetings are held and decisions are adopted in accordance with the majority and quorum requirements set by law. In the event of a tie vote, the Chairman does not have the casting vote.

Minutes of Board of Directors' meetings are prepared and kept in accordance with the requirements of the laws and regulations in force. Copies and excerpts thereof are certified in accordance with the law.

Board meetings that are not attended by executive corporate officers (executive sessions)

At least one meeting of the Board of Directors is held each year that the Chief Executive Officer, who is the sole Executive Corporate Officer, does not attend.

An executive session was held following the meeting of the Board of Directors on 14 March 2019.

The Audit Committee also meets at least once a year with only the Statutory Auditors in attendance.

Focus: Discussions between the Board of Directors, the Chief Executive Officer and management

The Directors hold regular discussions with the Chief Executive Officer and, through the work of the Committees, with the members of the General Management Committee. The Chief Executive Officer also keeps the Directors informed about the status of the Company's business, including, where

necessary, outside the framework of Board and Committee meetings. The Chair of each Committee of the Board of Directors prepares for the Committee meeting in advance with the relevant member(s) of the General Management Committee, who is/are also invited to attend the Committee meeting in question. These discussions are complemented by more informal meetings, in the form of dinners, site visits, or Board of Directors' seminars.

4.1.3.2.4 The main work of the Board of Directors

In 2019, Directors' rate of attendance at Board meetings was 95%. This rate is very high despite a number of extraordinary meetings being convened on short notice.

Member attendance rates at Board meetings	Number of meetings in 2019	Average attendance rate in 2019
Christian Chautard (Chairman)	9/9	100%
Jérôme Grivet	7/9	78% ⁽¹⁾
Predica (Françoise Debrus)	9/9	100%
Holding Malakoff Humanis (Anne Ramon)	8/9	89%
Investissements PSP (Alexandre Gagnon-Kugler)	9/9	100%
Jean-François Brin ⁽²⁾	6/6	100%
Jean-Pierre Duprieu	9/9	100%
Anne Lalou	9/9	100%
Markus Müschenich	9/9	100%
Catherine Soubie	9/9	100%
Marie-Christine Leroux ⁽³⁾	4/4	100%
Elisabeth T. Stheeman ⁽⁴⁾	2/3	67%
Hafida Cola ⁽⁴⁾	3/3	100%

(1) Jérôme Grivet attended seven of nine Board meetings. He was unable to attend one meeting due to a business commitment. On 6 November 2019, as the Board of Directors held an emergency meeting on short notice, he was not available on that date.

(2) For the period from 6 June 2019 to 31 December 2019.

(3) For the period from 1 September 2019 to 31 December 2019.

(4) For the period from 1 January 2019 to 6 June 2019.

At these meetings, the Board of Directors performed all the work incumbent on it in connection with its duties, in particular in the following areas:

The main work of the Board of Directors and its committees*

Main work specifically carried out by the Board of Directors	Main work of the committees reviewed and/or decided on by the Board of Directors			
	Minutes of Committee meetings			
	Audit Committee	Compensation and Appointments Committee	Investment Committee	Ethics, Quality and CSR Committee
<ul style="list-style-type: none"> Drafting of resolutions and reports for the General Meeting Presentation on the Belgian and Dutch markets Update on the Korian five-year plan (BeyondK2020) and the "In Caring Hands" corporate project 	<p>Company's results</p> <ul style="list-style-type: none"> 2018 consolidated and individual financial statements and management report Appropriation of profits and setting of dividend 2019 half-year financial statements and half-year financial report Interim management documents Opinion of the Statutory Auditors Financial communications <p>Risk management, internal control and internal audit</p> <ul style="list-style-type: none"> Monitoring internal audits and internal controls Review of the Vigilance Plan, the corruption prevention programme and compliance with GDPR (the European General Data Protection Regulation) Updating the risk mapping Cyber-security <p>Audits and relations with external auditors</p> <ul style="list-style-type: none"> Presentation of the 2019 supplementary report for the Audit Committee by the Statutory Auditors Annual review of ongoing related party agreements Approving non-auditing services <p>Financial management of the Company</p> <ul style="list-style-type: none"> Defining the annual budget Review of security interests granted by Korian SA in 2019 Authorising guarantees, pledges and security interests Financing and debt strategy Forecast Share buyback programme and liquidity agreement 2020 schedule of closed periods 2020 financial communication schedule Introduction of a procedure on the assessment of agreements entered into in the ordinary course of business and on arms' length terms <ul style="list-style-type: none"> Recapitalisation of a subsidiary Monitoring of new accounting standards (IFRS 16) Renegotiation of the syndicated loan 	<p>Governance</p> <ul style="list-style-type: none"> Annual assessment of the operations of the Board of Directors Summary presentation on governance roadshows Report on corporate governance Succession plan for Executive Corporate Officers Independence of Directors Board of Directors' diversity policy <ul style="list-style-type: none"> Introduction of a procedure on determining the materiality of a business relationship with an Independent Director Amendment of the Board of Directors' Internal Regulations Early reappointment of the Chief Executive Officer Proposed appointment of a new Independent Director <p>Compensation</p> <ul style="list-style-type: none"> Compensation of executive corporate officers Free Shares Plan <ul style="list-style-type: none"> Compensation of Directors <p>Human resources</p> <ul style="list-style-type: none"> Approval of the Company's policy on equality in the workplace and equal pay Information on the talent and high-potential employee management policy Information on the succession plan for key functions 	<p>Investment</p> <ul style="list-style-type: none"> Review of the investment pipeline, main proposed acquisitions and real estate investments Monitoring of acquisitions and real estate investments <ul style="list-style-type: none"> Review of a proposed acquisition in the Netherlands <p>Strategy</p> <ul style="list-style-type: none"> Review of the Group's strategic development outlook Review of proposed strategic partnerships 	<p>Ethics</p> <ul style="list-style-type: none"> Monitoring of Group KPIs and serious adverse events Work on ensuring quality Update on the ISO project Results of the 2018 resident, patient and family Satisfaction survey <p>CSR</p> <ul style="list-style-type: none"> Review of the CSR KPIs and results of the 2019 "Kommunity" survey carried out with employees <p>Specific events</p> <ul style="list-style-type: none"> Transformation of the Ethics and Quality Committee into the Ethics, Quality and CSR Committee Extraordinary meeting: monitoring specific events

Recurring topics

One-off topics

* Non-exhaustive list

Most matters were reviewed by one of the specialised committees in order to facilitate decision-making by the Board of Directors. The Specialised Committees report on their work to the Board of Directors, submit proposals to it

and prepare its meetings, The quality of the work and recommendations of the Specialised Committees has helped to inform and streamline the decisions of the Board of Directors.

Focus: Strategy seminars and site visits

A strategy seminar is held at least once a year for Directors to present the Group's ongoing reflections on its strategic policies, market developments, the Group's competitive environment and the resulting medium/long-term outlook for the Group, and to give Directors the opportunity to discuss them.

In 2019, the Directors were invited to two seminars attended by the Chief Executive Officer and the Group Chief Financial Officer:

- a two-day seminar in Belgium at the beginning of the year, at which the Directors were able to meet or reacquaint themselves with Korian's management team in Belgium, which gave a presentation on the Belgian and Dutch markets and Korian's positioning in those countries. This seminar also included site visits and informal meals which provided the Directors with a very clear idea of the business and the local challenges and allowed them to ask local employees any questions they had;
- a second seminar in France midway through the year for detailed discussions on the strategic route map, its implementation and the "In Caring Hands" corporate project.

In January 2020, the seminar was held in Italy (see Photos).



"The strategic seminars allowed me to understand the challenges for our Group at the European level of providing care for the elderly. Innovation in all development areas, from home care services to long-term care nursing homes (LTCNH) is one of our strengths. Study visits to the other countries in which the Group operates teach us about good transferable management practices that can be used to improve the management of our facilities. The strategy seminars and the study trips strengthen the relationships between Directors and operational managers and thereby improve governance of the Group."

*Mrs Marie-Christine Leroux,
Director representing employees.*

"The site visits that took place this year, as part of the strategy seminars, gave us a practical insight into the specific issues faced in the countries we visited and the way in which they are deploying the Group's strategy. These visits also provide an excellent opportunity to discuss matters with the local management team."

*Mrs Anne Ramon, permanent representative
of Holding Malakoff Humanis, Director.*

4.1.3.2.5 Evaluation of the Board of Directors

In accordance with the recommendations of article 10 of the AFEP-MEDEF Code, article 1.8.5 of the Internal Regulations requires the Board to perform a yearly assessment of its own operation, which will then be

discussed at a meeting. Moreover, a formal evaluation is carried out every three years under the direction of the Compensation and Appointments Committee, with the assistance of an external consultant. In 2019, the evaluation of the Board of Directors was carried out with the assistance of an external consultant.

Evaluation of the Board of Directors

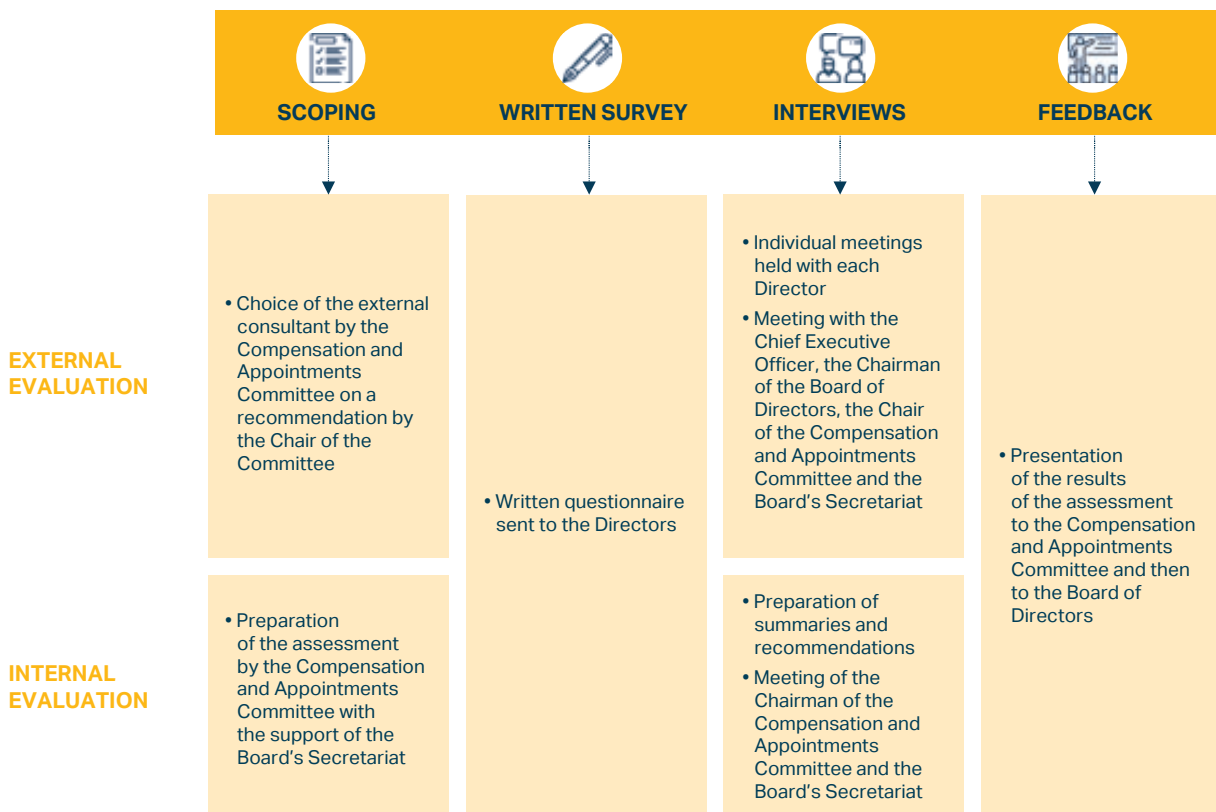
Every year, the Board of Directors evaluates its operations. Every three years at least, this evaluation is carried out with the assistance of an independent external firm.

2018 Internal evaluation

2019 External evaluation

2020 Internal evaluation

Evaluation stages



Conclusions of the 2018 and 2019 evaluations

	2018/2019	2019/2020
OBSERVATIONS	<ul style="list-style-type: none"> Satisfaction with the information provided about the company and its business activities Appreciation of the frequency of meetings and the organisation of strategic seminars 	<ul style="list-style-type: none"> Satisfaction with the Board's operation (continuously improving) High level of mutual trust and of overall effectiveness on Board
ACTION TAKEN	<ul style="list-style-type: none"> Strengthening of executive sessions Appointment of healthcare specialist as an additional Director Review of the system on the allocation of "attendance fees" 	<ul style="list-style-type: none"> Reduction in the number of persons invited to meetings of the Board and the Committees Strengthening of the succession plan

The next evaluation will be carried out in 2020 by the Board's Secretariat on the basis of an internal questionnaire, under the direction of the Compensation and Appointments Committee.

4.1.3.3 Committees of the Board of Directors

The Board of Directors has established four Specialised Committees: the Audit Committee, the Compensation and Appointments Committee, the Investment Committee and the Ethics, Quality and CSR Committee.

The Committees examine and prepare certain Board deliberations and submit their opinions, proposals or recommendations for matters within the realm of their expertise to the Board. The Committees are a creative force but, save where exceptions are provided for by law, have no decision-making authority.

The Committees may, in carrying out their duties, after first informing the Chairman of the Board, carry out or commission studies on matters within their remit, to be paid for by the Company, with a view to enabling the Board to make informed decisions. In the event that the Committees engage external advisers, they must ensure that the advisers in question carry out such work objectively and independently. They report back on the opinions received.

The members of the Committees are chosen by the Board from its members, which appoints the Chair of the Committee and determines the term of office of the Committee's members. The Board of Directors may remove a member of the Committee or its Chair from office at any time.

A Committee may not operate unless at least half of its members are present. Each member may be represented by another member. Committee decisions require a majority vote of the members present or represented.

At the beginning of 2019, the remit of the Ethics and Quality Committee was formally extended to CSR matters. This Committee has therefore become the Ethics, Quality and CSR Committee.

The replacement of Mrs Elisabeth T. Stheeman, an Independent Director, by Mr Jean-François Brin on 6 June 2019, and the appointment of Mrs Marie-Christine Leroux as Director representing employees from 1 September 2019 had an impact on the composition of the Board's Specialised Committees other than the Compensation and Appointments Committee.

To deal with the health crisis caused by the Covid-19 epidemic, the Board of Directors has decided to strengthen its governance by establishing a temporary ad hoc Committee that reports on its work to the Board of Directors. The composition, duties, powers and work of this ad hoc Committee are described in detail in the part entitled "Coronavirus (Covid-19) pandemic" of section 5.7 on page 219 of this universal registration document.

The current composition of the Committees complies with the applicable laws and the recommendations of the AFEP-MEDEF Code.

4.1.3.3.1 The Audit Committee



4 Directors



3/4 independent



50% women

Main expertise represented



Experience of General Management/Strategy/International



Financial/M&A expertise



Knowledge of the healthcare sector

Work of the Committee: 7 meetings 100% attendance

Composition of the Audit Committee

Composition of the Audit Committee at the conclusion of the Board of Directors' meeting of 6 June 2019

Former composition	New composition
Catherine Soubie (Chairwoman) (Independent Director)	Catherine Soubie (Chairwoman) (Independent Director)
Jean-Pierre Duprieu (Independent Director)	Jean-Pierre Duprieu (Independent Director)
Predica (represented by Françoise Debrus)	Predica (represented by Françoise Debrus)
Elisabeth T. Stheeman (Independent Director)	Jean-François Brin (Independent Director)
Markus Müschenich (Independent Director)	
Investissements PSP (represented by Alexandre Gagnon-Kugler)	

Attendance of the Audit Committee's members

Member attendance rates at Audit Committee meetings	Number of meetings in 2019	Average attendance rate in 2019
Catherine Soubie (Chairwoman)	7/7	100%
Jean-Pierre Duprieu	7/7	100%
Investissements PSP (represented by Alexandre Gagnon-Kugler)	4/4	100% ⁽¹⁾
Markus Müschenich	4/4	100% ⁽¹⁾
Predica (represented by Françoise Debrus)	7/7	100%
Elisabeth T. Stheeman	4/4	100% ⁽¹⁾
Jean-François Brin	3/3	100% ⁽²⁾

(1) For the period from 1 January 2019 to 6 June 2019.

(2) For the period from 6 June 2019 to 31 December 2019.

The Audit Committee includes no Executive Corporate Officers, is chaired by an Independent Director whose appointment was proposed by the Compensation and Appointments Committee, and three-quarters of its members are Independent Directors who, given their past and/or current positions and financial or accounting expertise, are able to perform their duties. It therefore complies with the provisions of article L. 823-19 of the French Commercial Code, the recommendations of article 16.1 of the AFEP-MEDEF Code and article 4.1 of the Internal Regulations. Moreover, the Head of the Group Internal Audit and Control Department and the Statutory Auditors attend all committee meetings.

Duties and powers of the Audit Committee

The Audit Committee's duties include in particular:

- reviewing the Group's accounting methods and asset measurement procedures, the drafts of the Company's individual and consolidated financial statements, the interim management documents and the corresponding reports before they are presented to the Board and the consolidation scope (and the reasons for not including certain companies if applicable);
- reviewing the Company's and the Group's proposed budget;

- ensuring that rules are adopted for rotating firms and key signatory partners in accordance with the law, in particular by supervising the procedure for selecting the Company's Statutory Auditors and submitting to the Board the results of this selection procedure, monitoring the performance of the Statutory Auditors' duties and reviewing H3C's observations;
- reviewing the regulated agreements referred to in articles L. 225-38 et seq. of the French Commercial Code;
- providing management control and verifying the information that will be provided to shareholders and the market and ensuring it is clear;
- reviewing risk levels and risk prevention procedures, as well as significant off-balance sheet commitments;
- reviewing the structure and implementation of the compliance system, particularly its aspects relating to the prevention of corruption; and
- reviewing the entry into a settlement or agreement in respect of a dispute for an amount in excess of €5 million for the Group.

The review of the financial statements by the Audit Committee is accompanied by a presentation by the Company's Statutory Auditors on the key findings of the statutory audit and the accounting options applied. To assist in the review of the financial statements, the Chief Financial Officer also gives a presentation describing the Company's exposure to risks and material off-balance sheet commitments.

The Audit Committee ensures that internal control and risk management systems are in place and are deployed and that corrective action is taken in the event of material deficiencies or anomalies. It must be kept up to date on the internal audit programme and receive internal audit reports or a periodic support of those reports.

The Statutory Auditors must provide the Audit Committee with the information required by law, in particular article L. 823-16 of the French Commercial Code.

The Audit Committee regularly interviews the Statutory Auditors, including in the absence of the management team, at meetings convened to review the process of preparing the financial information and to review the financial statements, so that they can report on their engagement and the findings of their work. The Audit Committee is thereby made aware of the main areas of risk or uncertainty in the financial statements identified by the Statutory Auditors, their auditing approach and any difficulties they encountered in carrying out their engagement. The Audit Committee must also interview the Finance, Accounting and Treasury Directors and the Internal Audit and Risk Management Director, including, where appropriate, in the absence of the management team.

The Audit Committee ensures that the Statutory Auditors comply with the rules governing their independence, in particular by examining the risks to their independence and the safeguard measures taken to mitigate such risks, approving services other than the certification of accounts by the Company's Statutory Auditors in accordance with the framework defined by the H3C, and ensuring that the amount of fees paid by the Company and its Group, or the contribution thereof to the revenue of the firms and networks, is unlikely to undermine the Statutory Auditors' independence.

The time allowed for reviewing financial statements is sufficient and consistent with the recommendation of article 16.3 of the AFEP-MEDEF Code.

The Audit Committee reports on its work to the Board of Directors, provides any appropriate opinions and/or suggestions to the Board and brings to its attention any issues that require a Board decision.

The Audit Committee approved 25 services other than the certification of accounts by the Statutory Auditors in 2019 for a total amount of around €1,165,995.

4.1.3.3.2 The Compensation and Appointments Committee


3 Directors


2/3 independent


66% women

Main expertise represented



Experience of General
Management/Strategy/
International



Financial/
M&A expertise

Work of the Committee: 6 meetings 100% attendance

Composition of the Compensation and Appointments Committee

At the date of this Report, the Compensation and Appointments Committee was composed of:

- Chairman: Mr Jean-Pierre Duprieu (Independent Director)

- Members:
 - Predica (represented by Mrs Françoise Debrus)
 - Mrs Catherine Soubie (Independent Director)

Attendance of the Compensation and Appointments Committee's members

Member attendance rates at Compensation and Appointments Committee meetings	Number of meetings in 2019	Average attendance rate in 2019
Jean-Pierre Duprieu (Chairman)	6/6	100%
Predica (represented by Mrs Françoise Debrus)	6/6	100%
Catherine Soubie	6/6	100%

The Committee does not include any Executive Corporate Officers, is chaired by an Independent Director and is composed primarily (two-thirds) of independent members. Its composition therefore complies with the recommendations of the AFEP-MEDEF Code (with the exception of the recommendation on the appointment of the Director representing employees as a member of this Committee ⁽¹⁾) as well as article 3.1 of the Internal Regulations. In accordance with articles 17.3 and 18.2 of the AFEP-MEDEF Code, the Chief Executive Officer participates in the work of the Compensation and Appointments Committee, in particular on issues in relation to the compensation policy for key executives who are not Corporate Officers. The Chairman of the Board of Directors, Mr Christian Chautard, attends the Committee's meetings but is not a member.

Duties and powers of the Compensation and Appointments Committee

The Compensation and Appointments Committee is responsible for:

- proposing Independent Director and Committee member candidates;

- issuing an opinion on proposals for the appointments of the Chief Executive Officer;
- submitting proposals to the Board of Directors on the compensation of executive corporate officers and on the total amount and the allocation of the annual compensation of the Directors;
- making recommendations on the stock option plans, bonus share awards and other plans for the benefit of Group employees and/or Executive Corporate Officers, as well as on the rules for such plans proposed by the Chief Executive Officer;
- leading discussions and issuing recommendations on corporate governance, changes to the role of the Board of Directors and its Committees and any changes to be made to the Company's articles of association and/or the Internal Regulations;
- obtaining information on human resources policies and on the succession plans for key functions.

It also periodically evaluates how effectively the Board of Directors functions and establishes a succession plan for the Executive Corporate Officers.

4.1.3.3.3 The Investment Committee



5 Directors



1/5 independent



20% women

Main expertise represented



Experience of General Management/Strategy/International



Financial/M&A expertise



Real estate/Investments



Knowledge of the healthcare sector

Work of the Committee: 5 meetings 100% attendance

(1) However, the Internal Regulations provide for the possibility of inviting the Director representing employees to attend Committee meetings in a non-voting capacity.

Composition of the Investment Committee

Former composition	New composition
Jérôme Grivet (Chairman)	Jérôme Grivet (Chairman)
Investissements PSP (represented by Alexandre Gagnon-Kugler)	Investissements PSP (represented by Alexandre Gagnon-Kugler)
Holding Malakoff Humanis (represented by Anne Ramon)	Holding Malakoff Humanis (represented by Anne Ramon)
Christian Chautard	Christian Chautard
	Jean-François Brin (Independent Director)

Attendance of the members of the Investment Committee

Member attendance rates at Investment Committee meetings	Number of meetings in 2019	Average attendance rate in 2019
Jérôme Grivet (Chairman)	5/5	100%
Christian Chautard	5/5	100%
Investissements PSP (represented by Alexandre Gagnon-Kugler)	5/5	100%
Holding Malakoff Humanis (represented by Anne Ramon)	5/5	100%
Jean-François Brin	3/3	100% ⁽¹⁾

(1) For the period from 6 June 2019 to 31 December 2019.

Duties and powers of the Investment Committee

The Investment Committee is responsible for reviewing:

- acquisitions and disposals referred to in article 11.3 of the Company's articles of association and article 1.4.2 of the Internal Regulations;
- any investment by the Group that falls outside the Group's pre-existing business activities/areas (determined at a local level) or in a new country;

- entry into a strategic partnership (including an equity investment that does not give the Group a controlling interest) that may have a structural impact for the Group.

By way of exception, the transactions referred to in paragraphs (b) and (c) above do not require the Board of Directors' authorisation where they are carried out between Group companies.

4.1.3.3.4 Ethics, Quality and CSR Committee


4 Directors


2/3 independent


66% women

Main expertise represented


Experience of General Management/Strategy/International


Human resources/
Public policy/Environment/
Labour relations


Knowledge of
the healthcare sector


IT/Digital/
Innovation

Work of the Committee: 4 meetings 100% attendance

Composition of the Ethics, Quality and CSR Committee

Composition of the Ethics, Quality and CSR Committee at the conclusion of the Board of Directors' meeting of 6 June 2019 and the appointment of the Director representing employees

Former composition	New composition
Anne Lalou (Chairwoman) (Independent Director)	Anne Lalou (Chairwoman) (Independent Director)
Markus Müschenich (Independent Director)	Markus Müschenich (Independent Director)
Holding Malakoff Humanis (represented by Anne Ramon)	Holding Malakoff Humanis (represented by Anne Ramon)
Hafida Cola (Director representing employees)	Marie-Christine Leroux (Director representing employees) ⁽¹⁾

(1) On 31 July 2019, the Board of Directors decided to appoint Mrs Marie-Christine Leroux as member of the Ethics, Quality and CSR Committee with effect from 1 September 2019.

Attendance of the members of the Ethics, Quality and CSR Committee

Member attendance rates at Ethics, Quality and CSR Committee meetings	Number of meetings in 2019	Average attendance rate in 2019
Anne Lalou (Chairwoman)	4/4	100%
Markus Müschenich	4/4	100%
Holding Malakoff Humanis (represented by Mrs Anne Ramon)	4/4	100%
Hafida Cola (Director representing employees)	2/2	100% ⁽¹⁾
Marie-Christine Leroux (Director representing employees)	2/2	100% ⁽²⁾

(1) For the period from 1 January 2019 to 6 June 2019.

(2) For the period from 1 September 2019 to 31 December 2019.

Duties and powers of the Ethics, Quality and CSR Committee

The Ethics, Quality and CSR Committee is responsible for:

- validating and monitoring implementation of the Group's ethics and quality programme;
- evaluating crisis management and crisis reporting procedures and monitoring how serious events are handled;
- validating the mapping of risks directly associated with Group businesses, as consolidated by Internal Audit, as well as the quality approach in Group subsidiaries;

- reviewing the conclusions of quality audits conducted in subsidiaries so as to assess the level of control of quality procedures within the Group and making proposals to the Board on improvements or the implementation of specific additional quality control procedures;
- reviewing the Corporate Social Responsibility (CSR) actions taken and their results.

Focus: CSR and Governance

Well before the entry into force of the Pacte Law, Korian placed social and environmental issues, which by their very nature are fully integrated into its business activities and the Group's strategy, at the heart of its governance activities. In addition to its regulatory obligations (see paragraph 3.1.2 "A CSR strategy built into the business plan") of Chapter 3 (Corporate Social, Societal and Environmental Responsibility) of this universal registration document), these issues are factored in at all stages of the projects presented to the Board of Directors, from design through to implementation.

CSR issues are therefore integrated into the work of all the Company's internal Committees, but CSR activity as a whole, and the results thereof, is regularly reviewed by a Group CSR Committee that looks at all aspects of CSR. In 2019, this review work was formally allocated to the Ethics, Quality and, now, CSR Committee of the Board of Directors. CSR targets are also taken into account in determining the Chief Executive Officer's annual variable compensation and long-term compensation, and are then applied throughout the organisation down to the level of the relevant Facility Directors.

4.1.4 Implementation of the AFEP-MEDEF Code's recommendations

In accordance with the "Comply or Explain" principle set out in article L. 225-37-4 8° of the French Commercial Code and article 27.1 of the AFEP-MEDEF Code, Korian deems that its practices comply with the recommendations of the AFEP-MEDEF Code, unless expressly indicated otherwise in this Report. It is explained below the reasons why Korian has derogated from two of the Code's recommendations.

AFEP-MEDEF recommendation that has not been applied	Korian's explanation
Participation of the Director representing employees to the work of the committee that oversees compensation	
18.1 It is recommended that an employee Director be a member of the committee that oversees compensation.	The Internal Regulations provide that an employee Director may attend meetings of the Compensation and Appointments Committee.
Shares held personally by Directors	
20 Directors should be shareholders in their own name and, pursuant to the Company's articles of association or the Internal Regulations, should own a minimum number of shares that is material in view of the compensation they have received.	<p>Nine of the eleven members of the Board of Directors are material shareholders in Korian in their own name in view of the compensation they are paid for their office.</p> <p>One Director owns only one share since this is a requirement under the Company's internal rules given this Director's duties.</p> <p>The Director who represents employees on the Board of Directors holds no Korian shares.</p>

4.1.5 Information on conflict of interest issues

4.1.5.1 Transactions carried out in 2019 in Korian securities and/or financial instruments by persons with executive responsibilities and closely related persons

To the Company's knowledge, only the following transactions were carried out in the 2019 financial year by corporate officers and individuals closely linked to the Company, under the terms of article L. 621-18-2 of the French Monetary and Financial Code:

Surname, first name/ company name	Position	Type of transaction	Financial instrument	Date	Price (in euros)	Volume
Transactions in securities carried out by each executive						
Investissements PSP	Director	Disposal	Shares	20.06.2019	32.8700	5,700,000
Holding Malakoff Humanis	Director	Acquisition	Shares	21.06.2019	32.8700	1,150,000
Predica	Director	Acquisition	Shares	25.06.2019	32.8700	820,000
Predica	Director	Acquisition ⁽¹⁾	Shares	03.07.2019	32.9300	346,215
Sophie Boissard	Chief Executive Officer	Final allocation of shares under the 2016 plan	Shares	30.07.2019	0.0000	4,422
Transactions in securities carried out by closely related persons						
N/A						

(1) Obtained by exercising the option to receive dividends in the form of shares.

4.1.5.2 Conflicts of interest – Family ties

All Directors must ensure that they remain independent in their judgement, decision-making and actions. They seek to avoid any conflict of interest that may exist between their direct or indirect interests and those of the Company.

Each year, the Directors complete and sign the form sent to them by the Secretary of the Board on their list of offices and on existing and potential conflicts of interest. Directors are required to notify the Secretary of the Board, who will then inform the Chairman and the Chief Executive Officer, of any changes to the information provided on the form during the year. Before each meeting of the Board of Directors, the Directors are also required to sign a statement confirming the accuracy of the information contained in the form, which is kept up to date by the Secretary of the Board.

Article 1.8.3 of the Internal Regulations provides that, as a general principle, each person who takes part in the Board's work, whether as a Director or as a permanent representative of a legal entity that is a Director, is required to do their utmost to determine in good faith whether a conflict of interest exists, and is required to inform the Board, on being appointed and, during their term of office, as soon as they become aware, of any situation that could constitute a conflict of interests between, on the one hand, themselves or the company for which they are the permanent representative, or any company of which they are an employee, shareholder and/or corporate officer, or any company within the same Group and, on the other hand, the Company or any company within the same Group.

A process to prevent conflicts of interest in relation to matters submitted to the Board and/or to the Committees is also in place. Once they receive the agenda, all members of the Board or Committee must, after doing their utmost to determine in good faith whether a conflict of interest exists, inform the Chair of the Board or relevant Committee (who will immediately inform the Chairman of the Board of Directors) of any conflict of interest. If a member discloses a conflict of interest, he/she does not receive the relevant presentation document(s) and is prohibited from attending the part of the meeting of the Board or Committee in question in which the corresponding matters on the agenda are discussed.

In the event that a conflict of interest comes to light during discussions on a particular matter, the member in question must, as soon as he/she becomes aware of the conflict of interest, immediately notify the Chair of the Board or relevant Committee, return the documents in his/her possession and is prohibited from participating further in the part of the meeting of the Board or Committee in question in which the relevant matter(s) is/are discussed.

A review of any conflicts of interest that arose during the year on significant transactions is carried out each year by the Board of Directors when it reviews the financial statements.

To the Company's knowledge, at the date of this universal registration document, there are no known or potential conflicts of interest between the duties the members of the management bodies owe to the Company and their private interests and/or any other duties that have triggered the conflict of interest procedure provided for under the Internal Regulations, described above.

To the Company's knowledge, at the date of this universal registration document:

- the Corporate Officers have not accepted any restrictions on the disposal of their interest in the Company's share capital;
- the Corporate Officers have not entered into any agreements that would enable a major shareholder, client or supplier to be selected as a member of an administrative, management or supervisory body;
- there are no family ties between members of the Board of Directors;
- none of the members of the Board of Directors has been convicted for fraud within the last five years;
- none of the members of the Board of Directors has been involved in a bankruptcy, receivership or liquidation within the last five years;
- none of the members of the Board of Directors has been charged with an offence or publicly sanctioned by a statutory or regulatory authority; and
- none of the members of the Board of Directors has been prohibited by a court within the last five years from acting as a member of the administrative, management or supervisory body of an issuer, or from involvement in managing or conducting the business affairs of an issuer.

4.1.5.3 **Agreements within the scope of article L. 225-37-4 2° of the French Commercial Code entered into in 2019**

At the General Meeting held on 6 June 2019, the Shareholders approved the modification of the terms of the non-compete commitment made to Mrs Sophie Boissard by the Board of Directors on 18 November 2015, with a view to paying the non-compete compensation on a monthly basis over the two-year commitment period, as authorised by the Board of Directors at its meeting of 14 March 2019.

At its meeting held on 5 December 2019, the Board of Directors authorised the renewal of the commitments in favour of Mrs Sophie Boissard (i) in the event of the termination of or any change in her duties (severance pay and non-compete compensation), (ii) the joint "medical expenses" and "disability, invalidity and death" schemes and (iii) the unemployment insurance, made by the Board of Directors on 18 November 2015. These commitments are henceforth subject to the French system for ex-ante/ex-post votes on compensation as amended by French government ordinance n° 2019-1234 of 27 November 2019 and do not constitute related party agreements within the meaning of article L. 225-38 of the French Commercial Code.

4.1.5.4 **Agreements within the scope of article L. 225-37-4 2° of the French Commercial Code authorised since the end of the year**

None.

4.1.5.5 **Agreements within the scope of article L. 225-39 of the French Commercial Code**

Pursuant to article L. 225-39 of the French Commercial Code, the Board of Directors, on the recommendation of the Audit Committee, introduced a procedure to regularly assess whether agreements entered into in the ordinary course of business and on arms' length terms did indeed meet these conditions.

This procedure classifies the type of agreement (related party, entered into in the ordinary course of business and on arms' length terms, prohibited) and defines the concepts that enable them to be distinguished (indirect interest, transactions in the ordinary course of business, arms' length terms, etc.).

The Group General Secretariat is notified, prior to negotiations, of any agreement that may fall within any of the classifications. Jointly with the Finance Department, it determines which classification the project belongs to based on the criteria and definitions set out in the procedure and informs the Chief Executive Officer. The Audit Committee provides an opinion in the event of any doubt.

The Group General Secretariat ensures that the agreement follows the regime associated with its classification.

The Board of Directors is notified each year of the results of the evaluations carried out as part of the procedure.

4.1.5.6 **Service contracts with members of the administrative bodies**

There are no service contracts between members of the administrative, management or supervisory bodies and the Company or any of its subsidiaries that grant benefits on the termination of such contracts.

4.2 Compensation

Introduction

Objectives and regulatory framework

Section 4.2 describes the policy and the components of the compensation of Korian's corporate officers, as required by law and regulations and in accordance with the recommendations of the AFEP-MEDEF Code. It was revised in 2019 to comply with the new requirements of Law no. 2019-486 of 22 May 2019, known as the "Pacte" law, and the transposition of Directive (EU) 2017/828 of 17 May 2017, known as the "Shareholders Rights Directive II", by ordinance no. 2019-1234 of 27 November 2019 (the "**Ordinance**") supplemented by Decree no. 2019/1235 of 27 November 2019.

Compensation policy for corporate officers

Korian's compensation policy for corporate officers is defined based on article L. 225-37-2 of the French Commercial Code and will be voted on by the shareholders at the 2020 Meeting.

If it is rejected, pending the submission of a revised policy at the next General Meeting (stating how the new policy reflects the shareholders' vote and any opinions expressed at the General Meeting):

- the previously approved compensation policy shall continue to apply;
- where there is no previously approved compensation policy, compensation will be determined in accordance with the compensation awarded in respect of the previous financial year;
- where no compensation was awarded in respect of the previous financial year, the compensation will be determined in accordance with the Company's existing practices.

No component of compensation, of any nature, may be calculated, awarded or paid by the Company, and no commitment with respect to components of

compensation, allowances or benefits payable or potentially payable due to the assumption, termination or change in the duties of corporate officers or following such assumption, termination or change, may be made by the Company unless it complies with the approved compensation policy or, where there is no such policy, with prior compensation or practices.

Approval of the compensation paid or awarded to corporate officers in respect of the 2019 financial year

Pursuant to article L. 225-100 II of the French Commercial Code, the 2020 Meeting is convened to approve, based on this section 4.2, the report on compensation paid or awarded to corporate officers in respect of the 2019 financial year, including the information referred to in article L. 225-37-3 (I) of the French Commercial Code.

If the report is not approved, the Board of Directors will submit a revised compensation policy reflecting the shareholders' vote for the approval of shareholders at the next General Meeting. The payment of compensation to the members of the Board of Directors in respect of the financial year in progress is suspended until the revised compensation policy is approved. When compensation payments are resumed, they include arrears since the last General Meeting. If the General Meeting does not approve the new proposed resolution (second negative vote), the suspended amount may not ultimately be paid.

Pursuant to article L. 225-100 (III) of the French Commercial Code, the 2020 Meeting is also convened to approve, in separate resolutions, the fixed, variable and exceptional components of the total compensation and benefits of all forms paid during the past year or awarded in respect of that same financial year to the Chairman of the Board of Directors and the Chief Executive Officer.

If rejected, the variable and exceptional components of the compensation awarded in respect of the past year may not be paid.

Message from the Chairman of the Compensation and Appointments Committee



The start of 2020 has been dramatically dominated by the major health crisis caused by the Coronavirus (Covid-19).

The Board of Directors has decided, in line with the proposal made by the Chief Executive Officer to show her solidarity with the day-to-day action carried out with determination and commitment by Korian's operational and functional teams, to reduce the gross compensation that would have been paid to her in 2020 by 25%. The same reductions shall apply to the Chairman of the Board of Directors and the Directors. Korian will pay the corresponding gross amounts⁽¹⁾ to a new solidarity fund, created by Korian, which is to be used to fund research into Covid-19 therapies and to provide support to caregivers and their families (the "**Solidarity Fund**").

In 2019, the Compensation and Appointments Committee, two thirds of the members of which are independent, met six times, to discuss a number of regulatory matters but also substantive matters, on its own initiative.

First of all, with a view to actively continuing the transformation of the Group begun by Mrs Sophie Boissard on arriving at the Company, the Compensation and Appointments Committee proposed to the Board of Directors on 5 December 2019 her early re-appointment as Chief Executive Officer for a term of five years, a proposal that was passed unanimously. The Committee also made the recommendation to the Board of Directors that the Chairman of the Board of Directors should continue in his role. The renewal of his term of office

as Director will therefore be proposed to the General Meeting of shareholders convened to vote on the financial statements for the 2019 financial year and his reappointment as Chairman of the Board will be proposed at the meeting of the Board of Directors to be held on the same day.

The Compensation and Appointments Committee also continued its work on bringing governance at the Company into line with best market practices. It therefore began work on rewriting the Internal Regulations, also taking account of the Group's transformation. It also introduced a procedure for determining whether a business relationship between the Group and an Independent Director should be categorised as being material.

In terms of compensation, Mrs Sophie Boissard's achievement rate of the variable compensation performance criteria was determined to be 110% for 2019, which was fully in line with the Group's strong performance over the year.

For 2020, the Committee has proposed increasing the weighting of CSR criteria in calculating the compensation of the Chief Executive Officer and key employees, for both annual variable compensation and long-term compensation. This change is consistent with the growing place of CSR in the Group's strategy and its full integration by management. The other criteria for the 2020 variable compensation have been adjusted to take account of the Covid-19 crisis.

The Committee also proposed a new method of allocating the total compensation awarded to Directors (without changing the overall amount) in order to increase the value ascribed to the responsibility and involvement of the Chairs of the Committees.

I thank the Committee members for their commitment. I also thank the Group's stakeholders for their trust in our work.

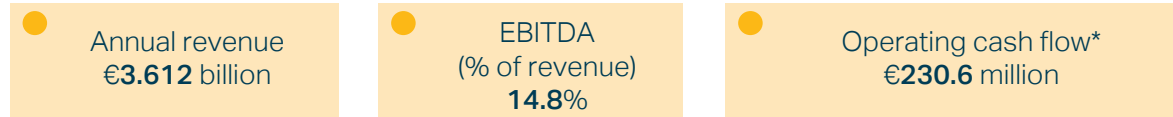
*Jean-Pierre Duprieu,
Chairman of the Compensation
and Appointments Committee.*

(1) Increased by the amount of the employer's share of the theoretical social security contributions relating thereto.

Compensation of executive corporate officers – Executive Summary

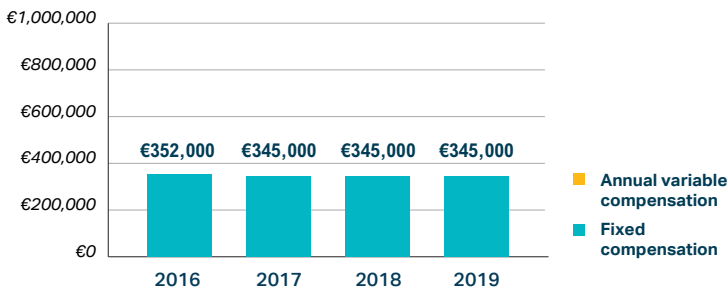
Compensation of executive corporate officers

Group Performance in 2019

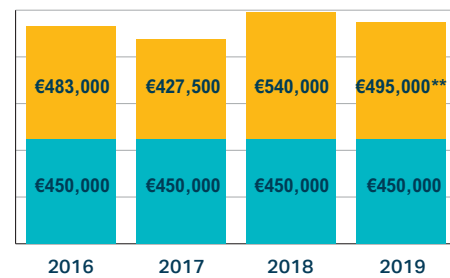


History of compensation paid or payable to executive corporate officers over the last four financial years (fixed and annual variable compensation)

Christian Chautard, Chairman of the Board of Directors

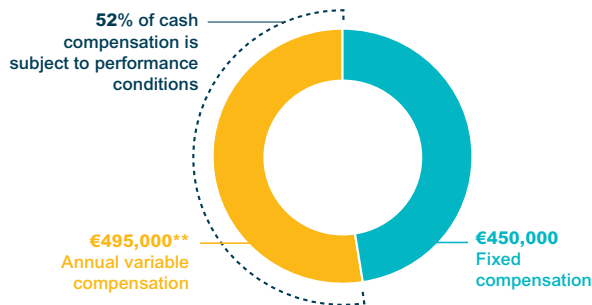


Sophie Boissard, Chief Executive Officer



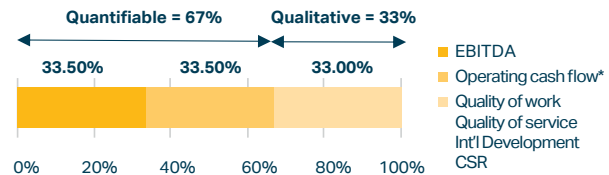
Policy and components of the compensation of the Chief Executive Officer**

Components payable in respect of 2019

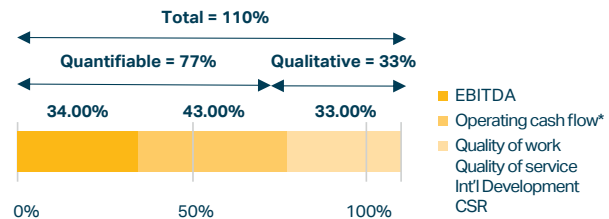


Variable compensation in respect of 2019

Weighting of performance criteria



Performance criteria achievement rate

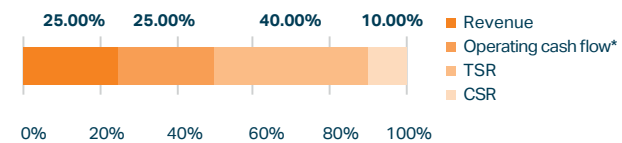


Policy for 2020

- Fixed compensation*****
 - €450,000 since she assumed the role in January 2016.
- Annual variable compensation (unchanged)**
 - Maximum of 100% of fixed compensation in the event that the performance criteria are met.
 - Capped at 120% if the criteria are exceeded, as measured solely on the basis of quantifiable criteria.
- Long-term variable compensation awarded in the form of shares (unchanged)**
 - Award capped at 150% of the combined amount of maximum annual fixed and variable compensation payable in respect of the previous financial year.

Long-term variable compensation: performance shares

Weighting of performance criteria



* Operating Cash Flow being defined as cash flow from operations net of financial expenses and taxes.

** Subject to the approval of the shareholders at the General Meeting convened to vote on the financial statements for the 2019 financial year.

*** In light of the health crisis caused by the coronavirus (Covid-19) and in line with the Chief Executive Officer's proposal, the Board of Directors decided to reduce it by a gross amount of €236,250, a 25% reduction in the amount of her 2020 compensation. The gross amount of €236,250 (together with the amount of the employer's share of the theoretical social security contributions relating thereto) will be paid by the Company to the Solidarity Fund.

4.2.1 Compensation policy for corporate officers

4.2.1.1 Compensation policy for executive corporate officers (ex ante Say on Pay)

The compensation policy for executive corporate officers described below was drawn up by the Board of Directors at its meetings of 27 February and 29 April 2020, on the recommendation of the Compensation and Appointments Committee. This policy will be submitted for the approval of shareholders at the 2020 Meeting (ex ante vote).

The Korian group's executive corporate officers are the Chairman of the Board of Directors and the Chief Executive Officer.

Fundamental principles applicable to the compensation of corporate officers

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and the environment in which it operates, and that it promotes performance and competitiveness over the medium- and long-term.

The fundamental principles applicable to the compensation of corporate officers are established in accordance with the provisions of article L. 225-37-2 of the French Commercial Code, provided that the Chairman of the Board of Directors only receives fixed compensation⁽¹⁾:

Inclusion in the company's strategy	The compensation policy for the Chief Executive Officer is directly linked to the business's strategy, since her performance is assessed in the same way as the business's performance, using identical financial criteria. It aims to promote the implementation of the strategy year after year.
Consistency with the company's interests	The variable portion of compensation factors in non-financial criteria, in particular environmental, social and societal criteria that are assessed year after year with a long-term perspective.
Contribution to the business's long-term strategy	The Chief Executive Officer's compensation includes long-term variable compensation which is intended to promote the Group's long-term growth with stringent performance conditions. As part of her long-term compensation package, the Chief Executive Officer is also required to retain a significant proportion of the performance shares awarded to her until her term of office ends, which encourages a long-term vision and sustainable growth.
Description of all compensation components	All components of the Chief Executive Officer's compensation are described in detail below, together with the way in which they are calculated.
Explanation of the decision-making process used to calculate, revise and pay compensation	The compensation policy for executive corporate officers (for all components of compensation) is decided on by the Board of Directors, on the recommendation of the Compensation and Appointments Committee, and is submitted to the shareholders for their approval at the Ordinary General Meeting.
Exceptions from the compensation policy	Not applicable

The principles applicable to the compensation of corporate officers are also established in accordance with the recommendations of the AFEP-MEDEF Code.

Comprehensiveness	All compensation components are taken into account so that it may be assessed in overall terms.
Balance between the compensation components	Each component of the compensation must be clearly substantiated and correspond to the corporate interest.
Comparability	Assessment of compensation based on the Company's reference market, as well as the responsibilities assumed, results achieved and work performed.
Consistency	Compensation is calculated in a manner consistent with that of the company's other executives and employees, and in line with the company's interests and performance.
Understandability of the rules	Establishment of simple, stable and transparent rules. Definition of demanding and explicit performance criteria that are directly linked to the company's strategy.
Proportionality	Market practices are taken into account in calculating compensation components, together with the company's interests and the compensation of the company's employees.

(1) And possibly extraordinary compensation in certain very specific circumstances set out below.

Structure of the compensation of executive corporate officers

The Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors comprises:

- fixed compensation;
- extraordinary compensation in certain precisely defined circumstances.

Fixed compensation

The Chairman's fixed compensation is calculated based on the following factors:

- responsibilities and level of involvement;
- expertise and experience.

The gross fixed annual compensation of the Chairman of the Board of Directors of €345,000 has not changed since he took up the role on 25 March 2015⁽¹⁾ and following his reappointment on 22 June 2017. It is not automatically adjusted each year, but may be reviewed by the Board of Directors, on the recommendation of the Compensation and Appointments Committee, at the time of reappointment or during the term of office, in particular in the event of a change in the responsibilities associated with the role, or in the event of a material divergence from market practices.

In respect of the 2020 financial year, the Board of Directors had decided, at its meeting of 27 February 2020, on the recommendation of the Compensation and Appointments Committee, to increase the gross fixed annual compensation of the Chairman of the Board of Directors from €345,000 to €375,000 in view of his increased responsibilities and his level of involvement linked to the size of the Group compared to 2015.

In light of the health crisis caused by the Coronavirus (Covid-19) and in line with the proposal of Mr Christian Chautard, the Board of Directors decided, at its meeting of 29 April 2020, on the recommendation of the Compensation and Appointments Committee made at its meeting of 14 April 2020, in respect of 2020, not to increase the Chairman of the Board of Directors' gross fixed annual compensation and to reduce it by 25%, i.e. by a gross amount of €86,250. This reduction will be spread across the gross fixed compensation payments to be made to the Chairman for May to December 2020.

At the Chairman's suggestion, the Board of Directors decided that the gross amount of €86,250⁽²⁾ would be paid by the Company to the Solidarity Fund.

Extraordinary compensation

There are currently no plans for the Chairman of the Board of Directors to receive any extraordinary compensation in 2020. Only very specific circumstances could give rise to extraordinary compensation, in accordance with the recommendations of the AFEP-MEDEF Code, i.e.:

- situations that affect the Company due to their magnitude, the commitment that they require, and the problems that they pose (including monitoring unusual transactions that impact the Group's structure or scope).

This compensation cannot exceed 100% of his gross fixed annual compensation in any event (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)).

The payment of any such extraordinary compensation is subject to the approval of the shareholders in a General Meeting.

No other compensation components

In accordance with Mr Chautard's proposal, the Board of Directors has decided not to pay him compensation for carrying out his directorship.

He does not receive any other compensation components (variable compensation, long-term compensation, benefits, severance payment or non-compete compensation).

Proposed resolution submitted for a vote of the shareholders

8th resolution

(Approval of the compensation policy for the Chairman of the Company's Board of Directors for the 2020 financial year)

The shareholders convened for the General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having reviewed the Board of Directors report prepared in accordance with article L. 225-37-2 of the French Commercial Code, approve the compensation policy for the Chairman of the Company's Board of Directors for the 2020 financial year, as set out (i) in section 4.2.1.1 of the aforementioned report included in chapter 4 of the Company's 2019 universal registration document and (ii) in the notice of meeting brochure.

The Chief Executive Officer

The compensation of the Chief Executive Officer comprises:

- fixed compensation;
- annual variable compensation;
- long-term compensation that takes the form of a free award of performance shares;

(1) It being reiterated that the Board of Directors, in its meeting on 18 November 2015, decided, upon the proposal of the Compensation and Appointments Committee, to set Mr Christian Chautard's gross annual fixed compensation at €450,000, pro-rated according to his service as Chairman and Chief Executive Officer during the interim period that followed the revocation of Mr Yann Coléou, i.e. from 18 November 2015 to 26 January 2016.

(2) Together with the amount of the employer's share of the theoretical social security contributions relating thereto.

- other benefits (extraordinary compensation in certain specifically defined circumstances, non-compete compensation, severance pay and social benefits).

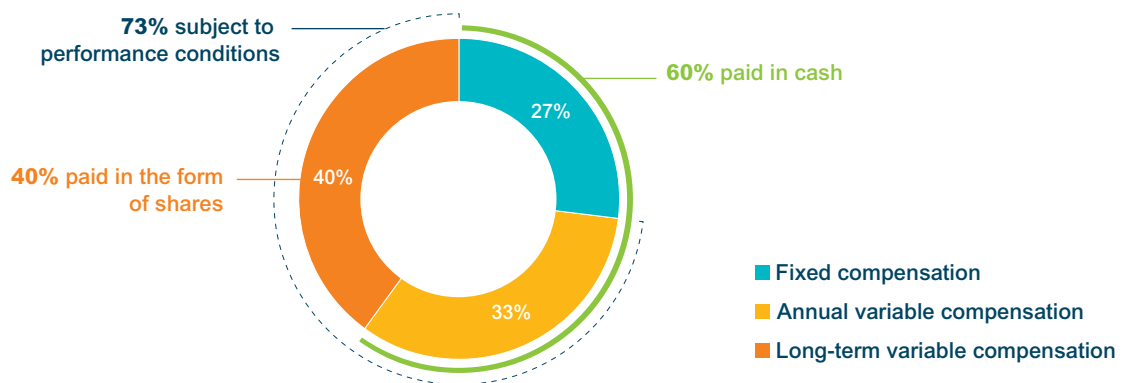
The Board of Directors, on a recommendation of the Compensation and Appointments Committee, ensures that the compensation structure is in line with market practices and is balanced, with the proportion of annual variable compensation and long-term compensation

being sufficiently large when compared to fixed compensation.

The objective is to achieve a balance between short-term and long-term performance with a view to ensuring that the company grows in a sustainable manner.

The particular business sector in which the Company operates, social care, is also taken into account.

Target structure of the compensation of the Chief Executive Officer in respect of 2020



Fixed compensation

The fixed compensation, which also serves as the basis for calculating the annual variable compensation, is not systematically adjusted each year. It has in fact remained unchanged since the Chief Executive Officer assumed the role on 26 January 2016.

It is reviewed by the Board of Directors, on the recommendation of the Compensation and Appointments Committee, at the time of reappointment or during the term of office, in the event of a change in the responsibilities associated with the role or in the event of a material divergence from market practices.

At its 27 February 2020 meeting, the Board of Directors had decided, in respect of the 2020 financial year, to set the gross annual compensation payable to the Chief Executive Officer at €450,000, on the recommendation of the Compensation and Appointments Committee.

In light of the health crisis caused by the Coronavirus (Covid-19) and in line with the proposal of Mrs Sophie Boissard, the Board of Directors decided, at its meeting of 29 April 2020, on the recommendation of the Compensation and Appointments Committee made at its meeting of 14 April 2020, in respect of 2020, to reduce the compensation that would have been received by the Chief Executive Officer in 2020 by 25%, i.e. by a gross amount of €236,250. This reduction will be spread across the gross fixed compensation payments to be made to the Chief Executive Officer for May to December 2020.

The reduction described above will not have any effect on the components of the Chief Executive Officer's compensation that are calculated based on her gross fixed annual compensation (including her annual variable compensation, long-term variable compensation, severance pay and non-compete compensation). These components will therefore be calculated based on the Chief Executive Officer's gross fixed annual compensation before the reduction, i.e. €450,000.

At the Chief Executive Officer's suggestion, the Board of Directors decided that the gross amount of €236,250⁽¹⁾ would be paid by the Company to the Solidarity Fund.

Annual variable compensation

Annual variable compensation is calculated as a percentage of gross fixed annual compensation (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)) in the event that performance targets are met, with the possibility of that percentage being increased in the event that those targets are exceeded, as measured solely on the basis of quantifiable financial criteria.

The purpose of the annual variable compensation is to encourage the Chief Executive Officer to achieve annual performance targets that are set by the Board of Directors and that are in line with the Group's strategic objectives for the year. In particular, it aligns the Chief Executive Officer's compensation for the year with the Group's annual financial performance.

(1) Together with the amount of the employer's share of the theoretical social security contributions relating thereto.

The performance criteria applicable to the compensation policy for the Chief Executive Officer enable the Group's performance to be measured over a given period and against the performance of its reference market.

The financial performance targets are supplemented by non-financial qualitative targets in line with the Group's strategy. As such, the Chief Executive Officer's annual variable compensation includes CSR targets.

The overall structure of annual variable compensation is as follows:

- 67% based on the Group's financial performance by reference to at least two quantifiable criteria that are relevant to the Group at a given time. Each of the criteria is weighted equally;
- 33% based on a maximum of four non-financial qualitative criteria by reference to the Group's priority projects identified by the Board, in line with the "In Caring Hands" corporate project. In light of the health crisis caused by the Coronavirus (Covid-19), the qualitative targets have been adjusted to take account of the Group's new priority projects for 2020.

Implementation in 2020

Accordingly, for 2020,

- the quantifiable criteria are growth in revenue (new criterion), EBITDA and operating cash flow⁽¹⁾,
- the qualitative criteria are management of the health crisis caused by the Coronavirus (Covid-19) and preparation for post-crisis business recovery in Europe.

Based on the Group's performance and the Chief Executive Officer's level of responsibility, and in anticipation of her being reappointed to her role, the Board of Directors, at its meeting of 27 February 2020, had decided, on the recommendation of the Compensation and Appointments Committee, that, with effect from the 2020 financial year, the Chief Executive Officer's annual variable compensation would be increased in the event that targets were exceeded, as measured on the basis of quantifiable criteria, in order to align the policy on the Chief Executive Officer's annual variable compensation with market practices.

In view of the health crisis caused by the Coronavirus (Covid-19), the Board of Directors, at its meeting of 29 April 2020, decided, on the recommendation of the Compensation and Appointments Committee, and in line with the suggestion of the Chief Executive Officer, that, for the 2020 financial year, the Chief Executive Officer's maximum annual variable compensation and the proportion between the quantifiable and qualitative

criteria would remain the same as for the 2019 financial year. It may therefore comprise a maximum of 100% of her gross fixed annual compensation in the event that performance conditions are achieved, and a maximum of 120% of her gross fixed annual compensation in the event that these conditions are exceeded. The gross fixed annual compensation disregards the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19).

In the event that the Chief Executive Officer were to leave her position during the year, the same principles would be applied on a pro rata basis to the period in which the Chief Executive Officer was in the role.

Payment of the 2020 variable compensation will be conditional on their approval by the General Meeting that will vote on the financial statements for the year ended 31 December 2020, which will be held in 2021.

Long-term variable compensation

Long-term compensation mechanism

The compensation policy for the Chief Executive Officer must contribute to the business's long-term strategy and also be linked to growth in the Company's value and its share price, thereby encouraging alignment between her interests and those of the shareholders. To that end, the Chief Executive Officer receives long-term compensation in the form of a free award of performance shares, 25% of which must be retained until the end of her term of office, which encourages a long-term vision and sustainable growth.

Upon the proposal of the Chief Executive Officer, the Board of Directors decides, on the recommendation of the Compensation and Appointments Committee, to award free performance shares to the Group's principal senior managers based on the same criteria and conditions as the shares awarded to the Chief Executive Officer, with a view to encouraging the achievement of long-term business objectives and incentivising employees and building staff loyalty.

The length of the vesting period for the free shares is fixed at three years.

Performance conditions

The final vesting of the free shares is subject to internal and external performance conditions measured over three financial years, and the degree to which such conditions are met is determined by the Board of Directors on the recommendation of the Compensation and Appointments Committee.

(1) Understood as cash flow from operations net of financial expenses and taxes.

The performance criteria applied are directly linked to the business's strategy and are designed to support the long-term development of the business with stringent performance conditions based on:

- the business's economic performance (revenue, operating cash flow⁽¹⁾, EBITDA, etc.);
- the performance of the Korian share price by reference to Total Shareholder Return (TSR);
- CSR.

The weighting of each criterion may be adjusted for each new award in line with the business's strategic priorities.

For the 2020 award, the performance criteria fixed by the Board of Directors are as follows:

- 50% of shares awarded based on the business's economic performance with:
 - 25% measured by reference to revenue growth, and
 - 25% by reference to operating cash flow⁽¹⁾;
- 40% of shares awarded based on the performance of the Korian share price by reference to Total Shareholder Return (TSR);
- 10% based on CSR.

Continued employment conditions

The ultimate vesting of the shares is also conditional on the beneficiaries continuing to work for the Group on the final vesting date of the shares.

Retention obligation

Pursuant to article L. 225-197-1 of the French Commercial Code, the Chief Executive Officer must retain, throughout her term of office, 25% of the shares definitively awarded to her at the end of the vesting period, after a review of the performance conditions.

The Chief Executive Officer also undertakes not to enter into hedging instruments over any of the performance shares definitively awarded to her at any point during her term of office.

Cap

The amount of the long-term compensation awarded to the Chief Executive Officer may not exceed, at the time it is awarded (initial value on award) an amount equal to 150% of the combined amount of her gross annual fixed and variable compensation payable in respect of the previous financial year (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)).

Multi-annual variable compensation

The compensation policy for the Chief Executive Officer does not provide for any multi-annual variable compensation.

Extraordinary compensation

There are currently no plans for the Chief Executive Officer to receive any extraordinary compensation in 2020. Only very specific circumstances could give rise to extraordinary compensation, in accordance with the recommendations of the AFEP-MEDEF Code, i.e.:

- situations that do not fall within the scope of the annual strategic and operating objectives;
- situations that were unforeseeable on the date when the Board set the criteria for determining the gross annual variable compensation;
- situations that affect the Company due to their magnitude, the commitment that they require, and the problems that they pose.

This compensation cannot exceed 100% of Mrs Sophie Boissard's gross fixed annual compensation in any event (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)).

The payment of any such extraordinary compensation is subject to the approval of the shareholders in a General Meeting.

Severance pay

Principle

In anticipation of the Chief Executive Officer being reappointed to her role, on the recommendation of the Compensation and Appointments Committee, the Board of Directors, on 5 December 2019, authorised the renewal of the severance pay arrangements on the conditions set out below (the "**Severance Pay**").

The Chief Executive Officer will receive severance pay in the event of the termination or non-renewal of her corporate office (except for gross negligence or wilful misconduct) due to a change of strategy or control, payment of which will be subject to meeting performance criteria and will be capped at an amount equal to twice her Reference Annual Compensation (as defined below) (the "**Target Severance Pay**"), after deducting any amount due as non-compete compensation, as described below, if the Company has not waived the non-compete clause and subject to the performance conditions described below.

(1) Understood as cash flow from operations net of financial expenses and taxes.

Reference Annual Compensation

Reference Annual Compensation means the gross fixed and annual variable compensation received for the twelve months prior to the date on which her office is terminated or not renewed (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)), excluding compensation received under the medium or long-term incentive plans arranged for the management teams, and the extraordinary compensation that may be awarded to her by the Board of Directors on a one-off and discretionary basis.

Circumstances of forced departure

A Change of Strategy is defined as a change in the Company's strategy that is the subject of the last financial communication approved by the Chief Executive Officer, or a significant transaction for the Group that does not fall within the scope of the last medium-term plan approved by the Board of Directors in agreement with the Chief Executive Officer.

A Change of Control is defined as an acquisition of a significant interest in the Company, accompanied by the appointment of a number of Directors that is likely to have a decisive influence on the Board of Directors' decisions.

Performance conditions

The payment of the Severance Pay is subject to the following performance conditions:

- if the achievement rate of the targets used to calculate the variable component of annual compensation for the three financial years preceding the date of termination or non-reappointment is lower than 40%, no Severance Pay shall be payable;
- if the achievement rate of the targets used to calculate the variable component of annual compensation for the three financial years preceding the date of termination or non-reappointment is equal to or greater than 40% but lower than 60%, the amount of the Severance Pay shall be equal to 50% of the Target Severance Pay i.e. it shall be equal to the Reference Annual Compensation;
- if the achievement rate of the targets used to calculate the variable component of annual compensation for the three financial years preceding the date of termination or non-reappointment is equal to or greater than 60%, the amount of the Severance Pay shall be equal to 100% of the Target Severance Pay, i.e. twice the Reference Annual Compensation.

Example

If Mrs Sophie Boissard were to leave her position before the end of 2020, based on her compensation over the last three financial years (2019, 2018 and 2017), she would be entitled to receive €1,755,000, i.e. approximately 2.62% of 2019 annual profits (which were €66,961,178.31).

Non-compete compensation

In connection with the reappointment of the Chief Executive Officer to her role, on the recommendation of the Compensation and Appointments Committee, the Board of Directors, on 5 December 2019, authorised the renewal of the non-compete compensation on the conditions set out below.

The Chief Executive Officer is bound by a non-compete commitment which prohibits her from holding any corporate office or executive position of any kind or providing any consultancy services, for a period of two years as from the termination of her duties, for any business or company that is in competition with the Company and that specialises in long and medium-stay care homes, including long-term nursing homes and assisted living facilities, in all of the countries in which Korian operates at the time when the clause is enforced.

In consideration, the Chief Executive Officer is entitled to non-compete compensation equal to 50% of the gross fixed annual compensation (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)) received for the 12 months preceding the date on which the event triggering her departure occurred (date of notice of resignation from the Company, or date of termination or non-reappointment by the Board) (hereafter the "**Date of Termination**"), payable monthly over the length of the non-compete commitment and combined, if applicable, with Severance Pay, provided the sum of the two benefits may not exceed twice the amount of the Reference Annual Compensation, as defined above (in which case the Severance Pay will be reduced accordingly).

The Company may waive the benefit of the non-compete commitment no later than 15 days from the Date of Termination.

Benefits**Supplementary pension plan**

The Chief Executive Officer does not benefit from a supplementary pension plan.

Company vehicle

The Chief Executive Officer may benefit from a company vehicle. The costs of insuring and maintaining the vehicle and any fuel costs (for business use) are met by the Company.

Joint welfare and medical expenses scheme

The Chief Executive Officer is covered by the Group "healthcare" and "disability, invalidity and death" plans that have been taken out for the benefit of salaried

executives and that are currently in force within the Company, as well as civil liability insurance.

Unemployment insurance

To reflect the fact that the Chief Executive Officer does not have an employment contract, the Company has taken out a private unemployment insurance policy with the *Association pour la garantie sociale des chefs et dirigeants d'entreprise* (GSC) that provides cover to the Chief Executive Officer in the event that her professional activity ceases.

For the 2020 financial year, the cost of the Chief Executive Officer's private unemployment insurance policy is €12,957.85.

Summary of the benefits granted to the Chief Executive Officer at the end of her term of office

	Voluntary departure/ termination for wilful negligence or gross misconduct	Non-reappointment/termination associated with a change of strategy or control (except for wilful negligence or gross misconduct)	Retirement
Severance pay⁽¹⁾	No benefits	Rate of achievement of objectives ⁽²⁾ < 40%: No compensation to be paid Rate of achievement of objectives ⁽²⁾ between ≥ 40% and < 60%: <ul style="list-style-type: none"> 100% of gross variable and fixed annual compensation⁽³⁾ received for the last 12 months amount to be received as non-compete compensation Rate of achievement of objectives ⁽²⁾ between ≥ 60 and < 100%: <ul style="list-style-type: none"> 200% of gross variable and fixed annual compensation⁽³⁾ received for the last 12 months amount to be received as non-compete compensation 	No benefits
Non-compete compensation⁽¹⁾⁽⁴⁾	50% of the gross fixed annual compensation ⁽³⁾ received for the 12 months preceding the date on which the event triggering the departure occurred	50% of the gross fixed annual compensation ⁽³⁾ received for the 12 months preceding the date on which the event triggering the departure occurred, payable monthly over the duration of the non-compete commitment	No benefits
Supplementary pension plan	No benefits	No benefits	No benefits
Performance share plans that have not yet vested⁽⁵⁾	Complete lapsing	Complete lapsing	No benefits

(1) The severance pay, combined, if applicable, with non-compete compensation, cannot exceed twice the Reference Annual Compensation equal to the gross fixed and annual variable compensation received for the last 12 months prior to the date when Mrs Sophie Boissard's office was terminated or not renewed (disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19)), and excludes any compensation received under medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her by the Board of Directors on a one-off and discretionary basis, if applicable.

(2) The objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure.

(3) Disregarding the exceptional reduction decided on in 2020 linked to the Coronavirus (Covid-19) and excluding any compensation received under medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her by the Board of Directors on a one-off and discretionary basis, if applicable.

(4) The Company may waive the benefit of the compensation no later than 15 days after the Date of Termination (date of notice of resignation from the Company, or date of termination or non-reappointment by the Board).

(5) In accordance with article L.225-197-3 of the French Commercial Code, in the event of death, the inheritors or beneficiaries of the performance share beneficiary may, if they so desire, request the vesting of all the Korian shares within six months of the date of death, the performance criteria being deemed to have been fully met. Furthermore, in accordance with article L.225-197-1 of the French Commercial Code, in the event of 2nd or 3rd degree disability within the meaning of article L.341-4 of the French Social Security Code, the Korian shares will be vested from the occurrence of the disability, depending on the extent to which the performance criteria have been met.

Proposed resolution submitted for a vote of the shareholders**7th resolution**

(Approval of the compensation policy for the Company's Chief Executive Officer for the 2020 financial year)

The shareholders convened for the General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having reviewed the Board of Directors report prepared in accordance with article L. 225-37-2 of the French Commercial Code, approve the compensation policy for the Company's Chief Executive Officer for the 2020 financial year, as set out (i) in section 4.2.1.1 of the aforementioned report included in chapter 4 of the Company's 2019 universal registration document and (ii) in the notice of meeting brochure.

4.2.1.2 Compensation policy for non-executive corporate officers (ex ante Say on Pay)

The total annual amount of compensation for Directors has been set at €400,000 since the tenth resolution was passed by the shareholders at the General Meeting held on 23 June 2016, and has not since been changed.

It is reiterated that, in accordance with the Chairman of the Board of Directors' proposal at the Board of Directors' meeting of 22 June 2017, the Board has decided not to pay him compensation for carrying out his directorship. Consequently, the total annual amount of the compensation awarded to the Directors is divided among the other Directors, including the Director representing employees.

The criteria for allocating the compensation reflect a number of amendments made in 2019:

- Predica and Mr Jérôme Grivet's proposal not to receive compensation for carrying out their directorship, enacted by the Board of Directors;
- the end of the Board Observer's term of office;
- the end of the term of office of a non-resident Director.

The compensation policy also reflects:

- the increased number of extraordinary meetings of the Board of Directors and its Committees as a result of the strategic challenges faced by the Company and the growth in the number of projects carried out in the company's interest as party of the company's strategy;
- the increased responsibility of the Chairs of the Committees;
- the commitment to providing stability to a Board of Directors that is engaged and contributes to the Group's long-term success.

In view of the health crisis caused by the Coronavirus (Covid-19), and in line with the suggestion made by the Directors, the Board of Directors, at its meeting of 29 April 2020, decided, on the recommendation of the Compensation and Appointments Committee, not to claim 25% of the total annual gross amount of the compensation for Directors, i.e. €100,000.

The Board of Directors also decided that an amount equal to the total theoretical cost for the Company of this fraction of the Directors' compensation (including social security charges) would be paid by the Company to the Solidarity Fund.

Components	Description
Compensation	<ul style="list-style-type: none"> The sum of €300,000 is divided among the Directors as a fixed payment and on the basis of their actual attendance at Board and committee meetings; The sum of €70,000 is earmarked to pay, in the amounts determined by the Board of Directors, (i) additional compensation to non-resident Independent Directors based on their physical attendance of Board Meetings and Committee Meetings and (ii) additional compensation to Directors for Board Meetings and/or Committee Meetings that are not scheduled in the annual calendar drawn up by the Board of Directors; The sum of €30,000 is divided between the Chair of the Audit Committee, the Chair of the Compensation and Appointments Committee and the Chair of the Ethics, Quality and CSR Committee, who receive one half (1/2), one third (1/3) and one sixth (1/6) of that sum, respectively. <p>The amount of €300,000 is divided among the Directors in accordance with the following rules:</p> <ul style="list-style-type: none"> 45% of the above amount is distributed equally between the members of the Board as a fixed component of compensation, with Independent Directors receiving compensation six times greater than that of non-Independent Directors; 30% of the above amount is divided between members of the Board of Directors pro rata to the number of meetings they attend; 25% of the above amount is divided between the members of the various Committees pro rata to the number of meetings they attend, with the Chair of each Committee entitled to double compensation. <p>The compensation is only payable if Directors attend at least half of the periodic meetings of the Board of Directors scheduled in the annual calendar drawn up in advance by the Board of Directors.</p> <p>A Director who attends a Board or Committee meeting via videoconferencing or any means of telecommunication will be entitled to only half the compensation. Attendance by any other means does not entitle a Director to compensation. If, exceptionally, a committee meeting is held (i) during a suspension of a Board of Directors' meeting, or (ii) immediately before, or (iii) immediately after a Board meeting, compensation will be paid only for the Board of Directors' meeting. If more than one Board of Directors' meeting is held on the same day, in particular on the day of the Annual General Meeting, Directors' attendance at such meetings will be counted as attendance at one meeting.</p>
Exceptional duties	<p>The Board of Directors may entrust exceptional duties to certain Directors (which are temporary and fall outside their role as a Director) that entitle them to compensation.</p> <p>Any such compensation is subject to the approval of the shareholders at a General Meeting pursuant to article L. 225-38 et seq. of the French Commercial Code.</p>
Reimbursement of expenses	<p>The members of the Board are also entitled to reimbursement, on production of receipts, of travel expenses incurred in attending Board and specialised committee meetings.</p>

Proposed resolution submitted for a vote of the shareholders

9th resolution

(Approval of the compensation policy for the Company's Directors for the 2020 financial year)

The shareholders convened for the General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having reviewed the Board of Directors report prepared in accordance with article L. 225-37-2 of the French Commercial Code, approve the compensation policy for the Company's Directors for the 2020 financial year, as set out (i) in section 4.2.1.2 of the aforementioned report included in chapter 4 of the Company's 2019 universal registration document and (ii) in the notice of meeting brochure.

4.2.1.3 Governance of compensation

Parties involved

Human Resources and CSR Department

The Group's Human Resources and CSR Department is involved in the following aspects of the process of formulating and determining the compensation of corporate officers:

- it ensures that the compensation policy for corporate officers complies with the various laws and good

practices, in particular Say on Pay practices, jointly with the Group General Secretariat;

- it engages suitable consultants to carry out external compensation benchmarking studies, which allow for an objective assessment of the compensation policy and determine whether it is competitive;
- it selects and arranges for the involvement of external compensation experts at meetings of the Compensation and Appointments Committee so that they may provide further information on the compensation policy being applied;
- makes recommendations to the Compensation and Appointments Committee;
- ensures that the compensation offered is fair and consistent with internal and external policies;
- links the compensation policy to the business's strategy through associated performance criteria.

Compensation and Appointments Committee

The Compensation and Appointments Committee issues recommendations to the Board of Directors on:

- the compensation policy for executive and non-executive corporate officers;
- the loyalty programmes for managers and principal senior managers;
- setting quantifiable and qualitative criteria for the Chief Executive Officer's annual variable compensation;

- determining the level of achievement of the performance criteria required for the Chief Executive Officer to receive variable compensation and for the Chief Executive Officer and the relevant principal senior managers to receive long-term compensation;
- the Group policy on equality in the workplace and equal pay;
- projects associated with Group employee savings schemes proposed by the Chief Executive Officer.

In accordance with the AFEP-MEDEF Code, the Compensation and Appointments Committee principally comprises Independent Directors and is chaired by an Independent Director.

For further information:

- section 4.1.3.3.2 of the 2019 universal registration document (Compensation and Appointments Committee).

Board of Directors

On the recommendation of the Compensation and Appointments Committee, the Board of Directors determines a compensation policy for corporate officers that is consistent with the company's interests, the long-term success of the business and its commercial strategy. It decides whether to award long-term compensation to the Chief Executive Officer and, upon the proposal of the Chief Executive Officer, to the Group's principal senior managers.

It ensures, in particular, that the performance criteria, conditions and targets of the annual and long-term variable components of compensation are consistent with the strategic plan.

It discusses the business's policy on equality in the workplace and equal pay.

The Chief Executive Officer and the Chairman of the Board of Directors do not participate in meetings at which their compensation is discussed.

For further information:

- section 4.1.3.2.1 of the universal registration document (Duties and powers of the Board of Directors).

Shareholders

Under prevailing laws and regulations, Korian's shareholders are invited to vote on the compensation policy for corporate officers, on the total compensation and benefits of all kinds paid to officers during the previous financial year or granted in respect of the same financial year to all corporate officers and on the total compensation and benefits of all kinds paid during the past year or awarded in respect of that same financial year to each executive corporate officer.

They are also regularly asked to vote on resolutions on the award of free shares or on capital increases restricted to employees in connection with the Group Savings Plan.

In addition, with a view to maintaining a dialogue with its stakeholders, Korian holds regular discussions with its shareholders and voting agencies, which are consulted in advance about compensation policies. In 2019-2020, the Group organised 15 meetings prior to its General Meeting.

Development of Say on Pay at the General Meeting

The high approval rate of resolutions relating to the compensation policy and the components of the compensation of executive corporate officers is testament to the quality, transparency and regularity of the dialogue between Korian and its stakeholders.

		General Meeting		
		2017	2018	2019
Christian Chautard, Chairman of the Board of Directors	Compensation policy	97.7%	98.9%	99.3%
	Compensation components	97.7%	97.0%	99.3%
Sophie Boissard, Chief Executive Officer	Compensation policy	79.2%	98.3%	99.2%
	Compensation components	98.8%	98.1%	99.6%

4.2.2 Compensation paid during the 2019 financial year or awarded in respect of that same financial year to corporate officers in 2019 (ex post Say on Pay)

4.2.2.1 Compensation of Mr Christian Chautard, Chairman of the Board of Directors from 1 January to 31 December 2019 (Ex post Say on Pay)

At its 14 March 2019 meeting, the Board of Directors decided to set Mr Christian Chautard's gross fixed annual compensation for his office as Chairman of the Board of Directors at €345,000, on the recommendation of the Compensation and Appointments Committee. This compensation remains unchanged from the amount set on 25 March 2015.

The compensation paid during the 2019 financial year or awarded in respect of that financial year to the Chairman of the Board of Directors, which is broken down below, is in accordance with the compensation policy approved by shareholders at the General Meeting of 6 June 2019.

Summary of the compensation paid during the 2019 financial year or awarded in respect of that financial year to Mr Christian Chautard, Chairman of the Board of Directors, put to a shareholders' vote.

Compensation components put to the vote	Amounts awarded in respect of the previous year	Comments
Fixed compensation	€345,000 (amount paid)	At its meeting on 25 March 2015, the Board of Directors decided to set Mr Christian Chautard's gross fixed annual compensation for his office as Chairman of the Board at €345,000, on the recommendation of the Compensation and Appointments Committee ⁽¹⁾ . At its meeting on 22 June 2017, the Board of Directors renewed Mr Christian Chautard's office as Chairman of the Board and again set his gross fixed annual compensation at €345,000. Pursuant to the decision of the Board of Directors, Mr Christian Chautard received gross compensation of €345,000 for the period between 1 January 2019 and 31 December 2019. This compensation was paid on a monthly basis.
Annual variable compensation	N/A	Mr Christian Chautard did not receive any annual variable compensation.
Multi-annual variable compensation	N/A	Mr Christian Chautard did not receive any multi-annual variable compensation.
Extraordinary compensation	N/A	Mr Christian Chautard did not receive any extraordinary compensation.
Stock options, performance shares and any other long-term benefits	N/A	Mr Christian Chautard is not entitled to any stock option or performance share scheme, or to any other long-term benefit.
Compensation for acting as a Director	N/A	In accordance with Mr Chautard's proposal at the Board of Directors' meeting of 22 June 2017, the Board has decided not to pay him compensation for carrying out his directorship.
Value of benefits of all types	N/A	Mr Christian Chautard did not receive any benefits in kind.
Severance pay	N/A	No severance pay has been agreed for Mr Christian Chautard.
Non-compete compensation	N/A	No commitment has been made to pay non-compete compensation.
Supplementary pension plan	N/A	Mr Christian Chautard does not benefit from a supplementary pension plan.
Joint welfare and medical expenses scheme	N/A	Mr Christian Chautard is not covered by any social security plans.

⁽¹⁾ On the understanding that, on the recommendation of the Compensation and Appointments Committee, at its 18 November 2015 meeting, the Board of Directors increased Mr Christian Chautard's gross fixed annual compensation to €450,000 for the performance of his duties as Chairman and Chief Executive Officer, prorated over the interim period that followed the dismissal of Mr Yann Coléou, i.e. from 18 November 2015 to 26 January 2016.

4.2.2.2 Compensation of the Chief Executive Officer from 1 January to 31 December 2019 (ex post Say on Pay)

At its 14 March 2019 meeting, the Board of Directors decided, on the recommendation of the Compensation and Appointments Committee, to apply, in respect of the 2019 financial year, the same compensation structure for the Chief Executive Officer as was applied in respect of the 2018 financial year.

The compensation and all benefits in kind paid during the 2019 financial year or awarded in respect of that financial year to the Chief Executive Officer, which are broken down below, is in accordance with the compensation policy approved by shareholders at the General Meeting of 6 June 2019.

In light of the health crisis caused by the Coronavirus (Covid-19) and in line with the proposal of Mrs Sophie Boissard, the Board of Directors decided, at its meeting of 29 April 2020, on the recommendation of the Compensation and Appointments Committee, in respect of 2020, to reduce the compensation that would have been paid to the Chief Executive Officer in 2020 (2019 variable compensation⁽¹⁾ and 2020 fixed compensation) by 25%, i.e. by a gross amount of €236,250.

Summary of the compensation paid during the 2019 financial year or awarded in respect of that financial year to Mrs Sophie Boissard, Chief Executive Officer, put to a shareholders' vote.

Compensation components put to the vote	Amounts awarded in respect of the previous year	Comments
Fixed compensation	€450,000 (amount paid)	At its 18 November 2015 meeting, the Board of Directors decided to set the gross annual compensation payable to the Chief Executive Officer in relation to her office as Chief Executive Officer at €450,000, on the recommendation of the Compensation and Appointments Committee. Pursuant to the decision of the Board of Directors, Mrs Sophie Boissard received gross compensation of €450,000 for the period between 1 January and 31 December 2019. This compensation was paid on a monthly basis.
Annual variable compensation	€495,000 subject to the approval by the AGM convened to vote on the financial statements for the year ended 31 December 2019	At its 18 November 2015 meeting, the Board of Directors decided to set the Chief Executive Officer's annual variable compensation at a maximum of 100% of her gross fixed annual compensation, in the event that performance conditions are met, and at a maximum of 120% of her gross fixed annual compensation in the event that these conditions are exceeded, as measured solely on the basis of quantifiable criteria, on the recommendation of the Compensation and Appointments Committee. In respect of the 2018 financial year, Mrs Sophie Boissard received variable compensation of €540,000 in 2019. The payment of such variable compensation was decided upon by the Board of Directors on 14 March 2019 and approved by the shareholders at the General Meeting held on 6 June 2019. For the 2019 financial year, the Board of Directors, at its meeting of 5 December 2018, approved the following set of quantifiable and qualitative criteria, on the recommendation of the Compensation and Appointments Committee: <ul style="list-style-type: none"> • quantifiable criteria (accounting for two-thirds of variable compensation): EBITDA and operating cash flow⁽¹⁾, with equal weighting given to both quantifiable criteria; • qualitative criteria (accounting for 33% of variable compensation with equal weighting): <ul style="list-style-type: none"> – quality of work: employee commitment, limited use of short-term contracts, occupational health, the development of apprenticeships; – quality of service: satisfaction of residents, patients and families, quality of care provided, launch of the certification programme (ISO 9001); – international development: expansion into new countries; – CSR: reduction of waste, reducing water and energy consumption. At its 27 February 2020 meeting, the Board of Directors assessed the achievement of these performance criteria as set out in the summary table on the Chief Executive Officer's annual variable compensation on page 201, on the recommendation of the Compensation and Appointments Committee.
Multi-annual variable compensation	N/A	Mrs Sophie Boissard did not receive any multi-annual variable compensation.
Extraordinary compensation	N/A	Mrs Sophie Boissard did not receive any extraordinary compensation in 2019.

(1) Subject to approval by the 2020 Meeting.

Compensation components put to the vote	Amounts awarded in respect of the previous year	Comments
Stock options, performance shares and any other long-term benefits	N/A	Mrs Sophie Boissard did not receive any new allocation of stock options or performance shares in relation to the 2019 financial year.
Compensation for acting as a Director	N/A	Mrs Sophie Boissard did not receive any compensation for acting as a Group Director
Value of benefits of all types	€12,765	As Mrs Sophie Boissard did not wish to be provided with a Company car in 2019, the benefits in kind (accounting value) consist of the payment of unemployment insurance contributions to an external organisation.
Severance pay	No payment	<p>Principle</p> <p>At its 18 November 2015 meeting, the Board of Directors decided to grant severance pay to Mrs Sophie Boissard, on the recommendation of the Compensation and Appointments Committee, in the event that her corporate office is terminated or not renewed as the result of a change in strategy or control, except in the event of gross negligence or wilful misconduct. This payment would be conditional on performance criteria, and its amount would be equivalent to the Reference Annual Compensation (as it is defined below) plus 25% for each year of service, although it cannot exceed 200% of the Reference Annual Compensation, after deducting any amount payable in relation to the non-compete compensation mentioned below, if the Company has not waived the benefit of this compensation.</p> <p>Reference Annual Compensation</p> <p>Reference Annual Compensation refers to the gross annual fixed and variable compensation received for the last 12 months prior to the date when Sophie Boissard's office is terminated or not renewed, and excludes any compensation received in relation to the medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her on a one-off and discretionary basis by the Board of Directors, where applicable.</p> <p>Circumstances of forced departure</p> <p>A change of strategy is defined as a change in the Company's strategy that is the subject of the last financial communication approved by the Chief Executive Officer, or a significant transaction for the Group that does not fall within the scope of the last medium-term plan approved by the Board of Directors in agreement with the Chief Executive Officer.</p> <p>A change of control is defined as an acquisition of a significant interest in the Company, accompanied by the appointment of a number of Directors that is likely to have a decisive influence on the Board of Directors' decisions.</p> <p>Performance conditions</p> <p>At its meeting on 23 March 2016, the Board of Directors determined the performance criteria for this severance payment as follows, on the recommendation of the Compensation and Appointments Committee⁽²⁾.</p> <p>In the event of termination (except for gross negligence or wilful misconduct) due to a change of strategy or control between the 2018 closing date, performance will be measured according to the average rate of achievement of the objectives used to calculate the variable component of Mrs Sophie Boissard's annual compensation for the three financial years preceding her departure, as follows:</p> <ul style="list-style-type: none"> the achievement rate for objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure < 40%: no severance pay will be owed; 40% ≤ the achievement rate for objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure < 60%: severance pay equal to 50% of the Reference Annual Compensation will be owed; 60% ≤ the achievement rate for objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure < 100%: severance pay equal to 100% of the Reference Annual Compensation will be owed. <p>In accordance with article L. 225-42-1 of the French Commercial Code (now repealed), this severance pay for the Chief Executive Officer was approved by the adoption of the 9th resolution by the General Meeting of the Company's Shareholders on 23 June 2016.</p>

Compensation components put to the vote	Amounts awarded in respect of the previous year	Comments
Non-compete compensation	No payment	<p>At its 18 November 2015 meeting, the Board of Directors decided to impose a non-compete commitment on Mrs Sophie Boissard, on the recommendation of the Compensation and Appointments Committee, to prohibit her from holding any corporate office or executive position of any kind or providing any advisory services, for a period of two years as from the termination of her duties, for any business or company that is in competition with the Company and that specialises in long- and medium-term stays, including long-term care nursing homes and assisted living facilities, in all the countries in which Korian has business interests at the time of the clause's enforcement.</p> <p>In consideration, Mrs Sophie Boissard is entitled to non-compete compensation equal to 50% of the gross fixed annual compensation received for the 12 months preceding the date on which the event triggering her departure occurred (date of notice of resignation from the Company, or date of termination or non-reappointment by the Board) (hereafter the "Date of Termination"), combined, if applicable, with severance pay, provided the sum of the two benefits does not exceed two years of annual fixed and variable compensation (in which case severance pay will be reduced accordingly). Compensation received pursuant to the medium- or long-term incentive plans for management teams, and any extraordinary compensation that may be awarded by the Board of Directors on a one-off and discretionary basis, are not components of annual fixed and annual compensation, and are not included in the basis for calculating non-compete compensation.</p> <p>The Company may waive the benefit of this compensation no later than 15 days from the Date of Termination.</p> <p>In accordance with the provisions of article L. 225-42-1 of the French Commercial Code (now repealed), this non-compete compensation was approved by the adoption of the 9th resolution by the General Meeting of the Company's Shareholders on 23 June 2016.</p>
Supplementary pension plan	N/A	Mrs Sophie Boissard did not benefit from a supplementary pension plan.
Joint welfare and medical expenses scheme	Yes	Mrs Sophie Boissard was covered by social security protection schemes equivalent to those for salaried executives (illness and personal protection insurance), as well as by a civil liability insurance and unemployment insurance policy.

(1) Understood as cash flow from operations net of financial expense and taxes.

(2) The severance payment arrangements that would have applied in the event of termination prior to 31 March 2019 are set out in the 2018 registration document, which was filed with the French Financial Markets Authority on 25 April 2019 under No. D.18-0411.

Achievement rate of the Chief Executive Officer's annual variable compensation criteria⁽¹⁾

Objectives			Minimum	Target	Maximum	Actual ⁽⁵⁾	
Quantifiable targets 67% of fixed compensation (target performance)	EBITDA ⁽²⁾	As a % of fixed compensation	0%	33%	43%	34%	
		Value of the indicator (in millions of euros)	518.2	534.2	550.2	535.1	
	Operating cash flow ⁽³⁾⁽⁴⁾	As a % of fixed compensation	0%	33%	43%	43%	
		Value of the indicator (in millions of euros)	171.4	190.5	209.5	230.6	
Quantifiable total			0%	67%	87%	77%	
						Achievement	
Qualitative targets 33% of fixed compensation (target performance)	Quality of work - Employee commitment - Limited use of short-term contracts - Occupational health - Development of apprenticeships Quality of service - Satisfaction of residents, patients and families - Quality of the care provided - Launch of the certification programme (ISO 9001) International development - Expansion into new countries CSR - Reduction of waste - Reducing the consumption of water and energy						
				33%	33%	33%	
Qualitative total				33%	33%	33%	
TOTAL VARIABLE COMPONENT (AS A % OF FIXED COMPENSATION)			0%	100%	120%	110%	

(1) The percentages in this table refer to annual fixed compensation and are rounded to the nearest whole number.

(2) 100% is paid if 2019 EBITDA is at least €534.2 million (the "Target EBITDA").

0% is paid if 2019 EBITDA is less than €518.2 million (97% of the Target EBITDA) (the bonus increases linearly between 97% and 100% of the target).

The bonus is increased to 130% of the base if 2019 EBITDA reaches €550.2 million (103% of the Target EBITDA) (the bonus increases linearly between 100% and 103% of the target).

(3) 100% is paid if 2019 operating cash flow is equal to €190.5 million (the "Target Operating Cash Flow").

0% is paid if 2019 operating cash flow is less than €171.4 million (90% of the Target Operating Cash Flow) (the bonus increases linearly between 90% and 100% of the target).

The bonus is increased to 130% of the base if 2019 operating cash flow reaches €209.5 million (110% of the Target Operating Cash Flow) (the bonus increases linearly between 100% and 110% of the target).

(4) Understood as cash flow from operations net of financial expense and taxes.

(5) Payment of annual variable compensation for financial year 2019 is subject to prior approval by the Ordinary General Meeting that is convened to approve the financial statements for the year ended 31 December 2019.

Once again this year, the Board of Directors, on the recommendation of the Compensation and Appointments Committee, noted a remarkable level of achievement of the qualitative targets, with strong momentum provided by the Chief Executive Officer and her teams. The targets were exceeded while work continued on the long-term strategy.

The four targets set for 2019 were achieved or exceeded: (i) the quality of work improved considerably, in particular through employee engagement, which remains significant, but also as a result of a substantial reduction in short-term contracts in Germany and France, the notable expansion of apprenticeships in both those countries, and a reduction in the number of occupational accidents at an ever-increasing rate, which is set to continue, (ii) the quality of service improved further, whether measured using indicators such as the satisfaction of residents, patients and families

or the quality of care, driven by the launch of a Group ISO certification programme, (iii) the Group's enhanced growth potential, which was particularly evident in 2019, with the introduction of the "In Caring Hands" corporate project and acquisitions that accelerated diversification to incorporate out-patient care, assisted living for the elderly and home care services and (iv) the implementation of an action plan to reduce the Group's carbon footprint as part of the CSR programme.

Given that these qualitative targets were fully achieved and the quantifiable targets were achieved at the levels set out above governing the payment of the 2019 variable compensation, the Board of Directors has decided to award Mrs Sophie Boissard the amount of €495,000, which will be paid to her if and when it is approved by the General Meeting convened to approve the financial statements for the year ended 31 December 2019.

Long-term variable compensation

Performance units awarded in 2016 and vested in 2019

Pursuant to a proposal made by the Compensation and Appointments Committee, on 14 September 2016, the Board of Directors approved plans to set up a long-term variable compensation mechanism to reward performance as measured against the Korian 2020 five-year strategic plan, in particular for the Chief Executive Officer. Under this mechanism, which awards performance units, she stands to receive 18,684 performance units.

The number of performance units that was ultimately granted on 30 June 2019 was subject to three separate performance criteria (each of which conferred the right to one-third of the total grant) based on the achievement rate, at 31 December 2018, of the revenue and EBITDA objectives set out in the five-year strategic plan and on Korian's stock performance (TSR) relative to that of the SBF 120 index between 14 September 2016 and 30 June 2019.

The main characteristics of this long-term incentive plan are detailed on pages 244 and 294 of this universal registration document.

Gross compensation in the form of the performance units awarded to the Chief Executive Officer could not exceed 100% of her annual gross fixed and variable remuneration. The Chief Executive Officer also entered into a formal undertaking not to use hedging instruments to hedge her risk in respect of this award.

At its meeting held on 6 June 2019, the Board of Directors assessed the final level of achievement of the performance conditions and the overall achievement rate was set at 47.3%.

The Chief Executive Officer was therefore paid 8,844 fully vested units (out of 18,684 units awarded), 4,422 shares and €153,616 in cash, giving a total amount of €307,232.

Performance shares awarded in 2017 (with ultimate vesting on 4 August 2020 after the application of the performance conditions)

At its meeting of 18 July 2017, the Board of Directors, on the recommendation of the Compensation and Appointments Committee, decided to award the Chief Executive Officer, on 4 August 2017, performance shares aimed at rewarding her performance relating to the execution of the Korian 2020 strategic plan. This award fell under the authorisation granted by the 23rd resolution of the General Meeting of Shareholders held on 22 June 2017.

In accordance with that resolution, the total number of free shares awarded may not amount to more than 1% of the share capital on the date of the Board of Directors' decision, on the understanding that the award to the Chief Executive Officer may not amount to more than 0.1% of the share capital on that same date.

The Chief Executive Officer was therefore awarded 62,459 performance shares on 18 July 2017, the final vesting of which is subject to performance conditions.

The number of performance shares that will ultimately be awarded on 4 August 2020 will depend on the degree to which the three independent performance conditions are achieved, based on the degree of achievement, which will be reported in 2020, namely:

- the Group revenue objective for 2019, compared with the target revenue (20% of the award);
- the EBITDA per share objective for 2019, compared with the target EBITDA (40% of the award);
- the Korian TSR objective, compared with the TSR generated by the SBF 120 Index between 1 July 2017 and 30 June 2020 (40% of the award).

The main characteristics of this long-term incentive plan are detailed on pages 244 and 294 of this universal registration document.

In any event, the long-term share-based compensation awarded to the Chief Executive Officer for a given financial year cannot exceed 150% of her maximum fixed and annual variable compensation payable for the previous financial year.

Summary of the executive corporate officers' compensation for 2019

Table summarising the compensation, stock options and shares awarded to each executive corporate officer

Table 1 is compiled in compliance with the recommendations of the AFEP-MEDEF code

	2018 financial year	2019 financial year
Sophie Boissard, Chief Executive Officer since 26 January 2016		
Compensation owed for the financial year ⁽¹⁾	€1,002,516	€957,765 ⁽²⁾
Value of long-term compensation plans	N/A	N/A
TOTAL	€1,002,516	€957,765
Christian Chautard, Chairman of the Board of Directors since 26 January 2016		
Compensation owed for the financial year ⁽¹⁾	€345,000	€345,000
Value of long-term compensation plans	-	-
TOTAL	€345,000	€345,000

(1) The compensation paid to the executive corporate officers is broken down in Table 2.

(2) Note that the payment of annual variable compensation is subject to the approval of shareholders at the General Meeting convened to approve the financial statements for the 2019 financial year.

Table summarising the compensation of the Executive Corporate Officers

Table 2 is compiled in compliance with the recommendations of the AFEP-MEDEF code

	2018 financial year		2019 financial year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid ⁽¹⁾
Sophie Boissard, Chief Executive Officer since 26 January 2016				
Fixed compensation	€450,000	€450,000	€450,000	€450,000
Annual variable compensation ⁽²⁾	€540,000	€427,500	€495,000 ⁽²⁾	€540,000
Extraordinary compensation	-	-	-	-
Compensation awarded for acting as a Director	-	-	-	-
Benefits in kind ⁽³⁾	€12,516	€12,516	€12,765	€12,765
TOTAL	€1,002,516	€890,016	€957,765	€1,002,765
Christian Chautard, Chairman of the Board of Directors since 26 January 2016				
Fixed compensation	€345,000	€345,000	€345,000	€345,000
Annual variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Compensation awarded for acting as a Director ⁽⁴⁾	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	€345,000	€345,000	€345,000	€345,000

(1) Except for the other compensation shown in this table, annual variable compensation is paid for the previous financial year.

(2) The criteria used to calculate the components of the Chief Executive Officer's annual variable compensation and any related circumstances concerning the justification for payment, vesting criteria or calculation procedures, are set out on page 201 of this universal registration document.

Note that the payment of annual variable compensation is subject to the approval of shareholders at the General Meeting convened to approve the financial statements for the 2019 financial year.

(3) This is the amount paid to an external organisation for the unemployment insurance the Company took out on behalf of the Chief Executive Officer.

(4) In accordance with Mr Chautard's proposal at the Board of Directors' meeting of 22 June 2017, he will not receive any compensation for carrying out his directorship.

Summary table of performance units that became available during the financial year for each executive corporate officer

Table 7 is compiled in compliance with the recommendations of the AFEP-MEDEF code

	Number and date of plan	Number of units that became available
Sophie Boissard	1 – 14/09/2016	8,844 ⁽¹⁾

(1) This is the number of fully vested units after the application of the performance conditions, the overall achievement rate of which was set at 47.3%. Mrs Sophie Boissard acquired 8,844 units, i.e. 4,422 shares and €153,616, giving a total of €307,232. This issue was settled on 30 July 2019.

The table below presents the elements of information required by the recommendations of the AFEP-MEDEF Code about the existence as far as Executive Corporate Officers are concerned, (i) of an employment contract in addition to the corporate office held, (ii) supplementary

pension plans, (iii) commitments by the Company in respect of benefits or payments owed or likely to be owed in the event of the termination of, or a change in, an Executive Corporate Officer's role, or thereafter, and (iv) non-compete compensation.

Employment contract/corporate office

Table 11 is compiled in compliance with the recommendations of the AFEP-MEDEF code

Executive corporate officers	Employment contract	Supplementary pension plan	Termination or change-in-role compensation or benefits	Non-compete compensation
Sophie Boissard, Chief Executive Officer	NO	NO	YES	YES
Christian Chautard, Chairman of the Board	NO	NO	NO	NO

4.2.2.3 Growth in the compensation of executive corporate officers compared with the performance and compensation of employees

The ratios below have been calculated based on the annual fixed and variable compensation and the long-term compensation paid during the years indicated in accordance with the recommendations of the AFEP-MEDEF Code.

This information is based on the Economic and Social Unit made up of the French companies within the Korian group, as this scope was the most relevant in calculating the ratio.

Changes in the company's economic performance, i.e. changes in revenue and EBITDA, put the changes in mean and median compensation and changes in the ratios into perspective.

The ratio between the compensation of the Chief Executive Officer and the compensation of other employees remained stable in the 2017 and 2018 financial years.

The increase in the ratio between the 2018 and 2019 financial years can be explained by the payment in 2019 of the variable long-term compensation awarded in 2016 that was subject to performance conditions.

Fair pay ratio between the level of the compensation of executive corporate officers and the mean and median compensation of Korian employees

	2015	2016	2017	2018	2019
Financial performance					
Revenue (€m)	2,579	2,987	3,135	3,336	3,611
EBITDA (€m)	342	422	440	477	535
Change in compensation					
Average compensation in euros (excluding executive corporate officers)	33,050	35,646	33,826	33,786	34,035
Median compensation in euros (including executive corporate officers)	26,561	25,880	26,258	26,510	27,358
Fair pay ratio					
Chief Executive Officer					
Multiple of the mean compensation	70 ⁽¹⁾	14	28	26	38
Multiple of the median compensation	87 ⁽¹⁾	17	36	33	47
Chairman of the Board of Directors					
Multiple of the mean compensation	11	11	10	10	10
Multiple of the median compensation	14	14	13	13	13

(1) The 2015 ratios have been calculated based on the compensation of the previous Chief Executive Officer, Mr Yann Coléou, for the period from 1 January 2015 to 18 November 2015. The compensation of the previous Chief Executive Officer, which is used as the basis for calculating the ratio, does not include severance pay.

As required by article L. 225-37-3 of the French Commercial Code, the ratio has also been calculated for the listed legal entity, Korian SA.

	2015	2016	2017	2018	2019
Fair pay ratio					
Chief Executive Officer					
Multiple of the mean compensation	36 ⁽¹⁾	6	13	13	18
Multiple of the median compensation	49 ⁽¹⁾	9	19	17	24
Chairman of the Board of Directors					
Multiple of the mean compensation	4	5	5	5	5
Multiple of the median compensation	8	8	7	7	6

(1) The 2015 ratios have been calculated based on the compensation of the previous Chief Executive Officer, Mr Yann Coléou, for the period from 1 January 2015 to 18 November 2015. The compensation of the previous Chief Executive Officer, which is used as the basis for calculating the ratio, does not include severance pay.

4.2.2.4 Compensation of the Directors from 1 January to 31 December 2019

The compensation paid to Directors for the period from 1 January to 31 December 2019 are in accordance with the tenth resolution adopted by the General Meeting of shareholders held on 23 June 2016, which set the total annual amount of that compensation at €400,000 as of the date of said meeting and for subsequent financial years, until otherwise decided.

Summary of compensation paid or awarded to the Directors from 1 January to 31 December 2019

For 2019, a gross amount of €375,054 was paid as compensation to the members of the Board of Directors and to the Board Observer.

The members of the Board are also entitled to reimbursement, on production of receipts, of travel expenses incurred in attending Board and specialised

committee meetings. Directors, other than the Chairman of the Board and the Board Observer, did not receive any other components of compensation for 2019 from the Company.

The rules on the allocation of the compensation between Directors applicable to the 2018 and 2019 financial years are as follows:

- of the annual total amount of attendance fees of €400,000:
 - the sum of €350,000 will be divided among the Directors as a fixed payment and on the basis of their actual attendance at Board and committee meetings,
 - the balance of €50,000 is used to pay (i) an additional attendance fee to non-resident Independent Directors and (ii) compensation for services rendered by the Board Observer(s);

- the sum of €350,000 has been divided among the Directors according to the following rules with attendance-based variable compensation being the main component:
 - 45% of the above amount of attendance fees will be divided equally among Board members as a fixed payment, with the Chairman entitled to double fees and Independent Directors to sextuple fees,
 - 30% of the above amount will be divided among Board members in proportion to the number of Board meetings they attend, with the Chairman entitled to double fees,
 - 25% of the above amount will be divided among the members of the various committees in proportion to the number of committee meetings they attend, with the Chairman of each committee entitled to double fees.

A Director who takes part in a Board or committee meeting via a telephone conference call will be entitled to only half fees.

If, exceptionally, a committee meeting is held (i) during a suspension of a Board of Directors' meeting, or (ii) immediately before, or (iii) immediately after a Board meeting, compensation will be paid only for the Board of Directors' meeting.

If more than one Board of Directors' meeting is held on the same day, in particular on the day of the Annual General Meeting, Directors' attendance at such meetings will be counted as attendance at one meeting.

The table below shows the compensation paid to the Company's Directors for the last two financial years.

(Table 3 is compiled in compliance with the recommendations of the AFEP-MEDEF code)

Non-Executive Corporate Officers	Compensation paid in respect of the 2018 financial year ⁽¹⁾	Compensation paid in respect of the 2019 financial year ⁽¹⁾
Christian Chautard ⁽²⁾	-	-
Jérôme Grivet ⁽³⁾	€26,322	-
Predica ⁽³⁾	€26,608	-
Holding Malakoff Humanis	€18,017	€26,585
Investissements PSP	€11,888	€25,132
Jean-Pierre Duprieu	€57,813	€60,261
Anne Lalou	€46,360	€45,463
Catherine Soubie	€64,684	€58,735
Elisabeth T. Stheeman ⁽⁴⁾	€54,793	€33,790
Markus Müschenich	€56,969	€51,603
Jean-François Brin ⁽⁵⁾	-	€40,408
Marie-Christine Leroux ⁽⁶⁾	-	€12,044
Hafida Cola ⁽⁷⁾	€11,545	€10,279
Guy de Panafieu ⁽⁸⁾	€25,000	€10,753
TOTAL	€400,000	€375,054

(1) Gross amount.

(2) In accordance with Mr Chautard's proposal at the Board of Directors' meeting of 22 June 2017, the Board has decided not to pay him compensation for carrying out his directorship.

(3) In accordance with his proposal at the beginning of the 2019 financial year, the Board has decided not to pay him compensation for carrying out his directorship.

(4) Director whose term of office expired on 6 June 2019.

(5) Director since 6 June 2019.

(6) Director representing employees since 1 September 2019.

(7) Director representing employees whose term of office expired on 6 June 2019.

(8) Board Observer whose term of office expired on 6 June 2019.

The compensation paid to Directors for the period from 1 January to 31 December 2019 is in accordance with the tenth resolution adopted by the General Meeting of shareholders held on 23 June 2016, which set the total annual amount of attendance fees at €400,000 as of the date of said meeting and for subsequent financial years, until otherwise decided.



Activities and performance analysis

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5.1 2019 highlights

The Group's transformation continued in 2019 in accordance with our business plan, shoring up its position as a resolutely European integrated operator of care and services for the elderly and fragile.

The Group has extended its reach through a two-pronged strategy – consolidation and deployment – by increasing the density of its network, diversifying its business lines and expanding its geographic footprint. The aim is to offer each of the 470,000 people we care for and support the solution that is best suited to their situation, be it at home, as an outpatient or in the living spaces and care units within one of our 893 facilities, or outside our premises through the digital solutions we offer.

Diversification of the business portfolio across all countries

As part of its development policy, Korian has bolstered its position in its core business lines (long-term care nursing homes and specialised clinics) and branched out into home care services, assisted living facilities, shared housing for seniors and digital solutions, by making 20 targeted acquisitions.

In June 2019, for instance, Korian took over Sanem which operates four clinics in Rome with capacity to care for approximately 100,000 patients each year.

In July 2019, it completed its acquisition of Spanish nursing home operator Grupo 5 which operates a portfolio of six long-term care facilities in the Balearic Islands.

During this same period, it also bought Stepping Stones in the Netherlands, a developer and operator of small residential care villas specialising in providing care for Alzheimer's patients and those with similar cognitive disorders. The network currently consists of 14 residences but is growing rapidly and should operate around 25 facilities by the end of 2021, corresponding to a total of 580 beds.

In December 2019, the Group announced that it had purchased a 70% stake in Omedys, a company specialising in telemedicine, in order to deploy locally based teleconsultation services throughout France starting in 2020. These services will meet the needs of both residents and staff within the Korian's network of facilities and help to provide continuous medical care in rural areas, thereby supporting or relieving general practitioners.

“Boost” plan in France

A vast programme was launched in France in 2017 to renovate the existing network and take on board the changing needs of residents and their families. Efforts to restructure and reposition the network have paid off. As at 31 December 2019, 2,026 rooms have been renovated since the Boost plan was first launched; 40 facilities are in the process of being restructured and upgraded.

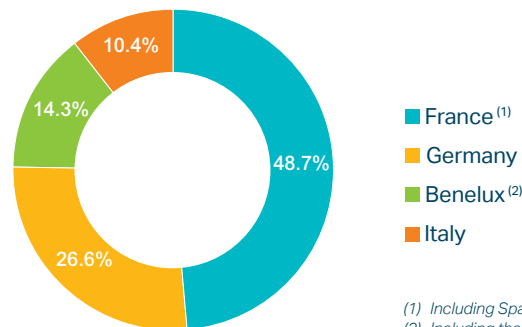
Real estate strategy gathering pace

The three components of the Group's real estate strategy are closely linked with the positioning strategy described above:

- property development, with 142 building projects currently being developed either in-house or with external partners;
- selection of and investment in real estate assets, enabling the Group to raise its ownership rate to 22% versus 19% in 2018 and increase the value of its real estate portfolio by 23% to €2 billion;
- an active drive to renegotiate rents, which saved the Group €7 million this year.

5.2 Business growth

Breakdown of annual revenue by country



(1) Including Spain.
(2) Including the Netherlands.

Growth acceleration in Group revenue and an improved operating margin before rental expenses (EBITDAR⁽¹⁾ excluding IFRS 16)

In millions of euros	Group		France ⁽¹⁾		Germany		Benelux ⁽²⁾		Italy	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	3,612.5	3,336.5	1,760.9	1,644.4	961.1	912.7	515.5	436.2	375.0	343.2
EBITDAR	948.1	873.2	475.7	444.8	251.8	234.5	130.1	112.8	88.8	81.1
Margin/Revenue	26.2%	26.2%	27.1%	27.1%	26.2%	25.7%	25.2%	25.9%	23.7%	23.6%

Korian uses EBITDAR and EBITDA as its benchmark indicators.

EBITDAR makes it possible to assess operating performance independently of the real estate policy (ownership or rental of premises has an impact on operating income). It corresponds to operating income before rental expenses not covered by IFRS 16 "Leases", depreciation, amortisation and provisions, other operating income and expenses, and gains and losses on the acquisition and disposal of consolidated entities of operating segments (see note 3 of section 6.1 of the universal registration document).

(1) Including Spain.

(2) Including the Netherlands.

Consolidated **revenue** reached €3,612.5 million in financial year 2019, reflecting a reported increase of 8.3% (versus 6.4% in 2018) and coming out in line with the growth target of at least 8% announced in July 2019.

Organic growth was up +3.8% compared to +3% a year earlier. It reflects the solid contribution of the historic activities of the Group and the success of the transformation to being a complete service provider offering a range of services and care solutions for the fragile and elderly. All geographies of the Group showed significant growth and the medical segment in particular has shown significant growth in 2019, around 10% across the Group, capitalising on the transformation of the network in France and an active bolt on strategy, notably in Italy.

The EBITDAR margin held steady at 26.2%. In order to ensure long term continued growth Korian has been investing in its teams to support the quality at work of its

employees. Therefore staff costs have risen faster than revenue, compensated by the efficient management of operating expenses, particularly in France and Germany.

Breakdown by country:

- **In France and Spain⁽²⁾**, strong revenue growth of +7.1% (versus +3.9% in 2018) was fuelled by increased organic growth of 3.2% up +50 basis points against 2018. The acceleration of the revenue growth is the result of the dynamic activity of the Healthcare division in France; the contribution of new activities (such as home care and co-living) and upgrade of the existing facilities, notably through the Boost renovation programme of over 2,000 rooms by the end of 2019 and the ramping up of the newly acquired portfolio in Spain. The EBITDAR margin remained stable at 27.1%.
- **In Germany**, revenue also increased significantly by +5.3% versus 3.5% in 2018. This solid growth was driven essentially by the acceleration in organic growth to

(1) Reported consolidated EBITDAR came to €944 million. The €3.6 million difference comes from IFRS 16 application and concerns France.

(2) Included Spain (€25.5m in 2019).

+4.5% (versus +3.7% in 2018), following a focus on revenue management and an increased care mix. Investment in staff continues to be a priority in Germany, more than offset by efficient management of other costs and resulting in an increased EBITDAR margin of 26.2% up 50 basis points since 2018.

- **In Benelux** ⁽¹⁾, the reported growth remained high at 18.2% (versus 20.3% in 2018) following the Senior Assist acquisitions. Organic growth was strong with +5.7% in 2019 up 200 basis points versus 2018 resulting from the continued ramp up of some facilities. The EBITDAR margin decreased to 25.2% (versus 25.9% in 2018)

following the integration of the Netherlands portfolio with a number of facilities ramping up and a pipeline of development.

- **In Italy**, revenue was up by +9.3% driven by a dynamic acquisition strategy with a focus on healthcare services and a local cluster approach in key regions. This has allowed the number of clients that Korian Italy provides services to increase by over 150% in 3 years and the strategy of specialisation has fuelled an increase of 50 basis points in organic growth to 2.2%. The EBITDAR margin remains stable at 23.7% (versus 23.6% in 2018) in a context of rapid growth.

5.3 Review of consolidated results and financial position at 31 December 2019

5.3.1 Consolidated results

Simplified retrospective application of IFRS 16 prompted the Group to present 2019 financial items excluding IFRS 16 for the purposes of comparability and commentary.

5.3.1.1 Simplified consolidated income statement

EBITDAR is the key indicator that Korian uses to assess its operating performance independently of its real estate

strategy. It consists of operating income before rental expenses not covered by IFRS 16 "Leases", depreciation, amortisation and provisions, other operating income and expenses, and gains and losses on the acquisition and disposal of consolidated entities of operating segments.

EBITDA corresponds to EBITDAR, as defined above, less rental expenses, and reflects the Group's real estate performance strategy.

<i>In millions of euros</i>	31.12.2019 excluding IFRS 16	IFRS 16 adjustments	31.12.2019 IFRS 16	31.12.2018 excluding IFRS 16	Change 2019/2018
Revenue and other income	3,612.5	-	3,612.5	3,336.5	8.3%
EBITDAR	948.1	-3.6	944.6	873.2	8.6%
<i>as % of revenue</i>	26.2%			26.2%	-
External rents	-413.0	353.3	-59.7	-396.1	4.3%
EBITDA	535.1	349.8	884.9	477.1	12.2%
<i>as % of revenue</i>	14.8%			14.3%	+0.5pt
Operating income	322.1	36.5	358.6	299.3	7.6%
Net financial income	-119.9	-63.2	183.1	-121.6	-1.4%
Profit/(loss) before tax	202.2	-26.6	175.5	177.6	13.8%
Net income, Group share	136.0	-21.3	114.7	123.1	10.4%

Korian's **EBITDA** totalled €535.1 million in 2019, up 12.2% on 2018.

As a result, the EBITDA margin increased by 50 basis points to 14.8%. The EBITDA margin improvement has been driven by the business mix: higher levels of outpatient care, home care and diversified services have contributed for 20 basis points of this improvement. A significant contribution of 30 basis points is linked to the Asset Smart strategy.

Net financial income was €1.7 million lower than in 2018. Higher external debt was offset by lower interest rates.

The income tax expense totalled €64.7 million, corresponding to a tax rate of 32%.

Net profit (loss) attributable to owners of the Group thus amounted to €136.0 million, i.e. an increase of 10.4% year-on-year.

(1) Included Netherlands (€12.4m)

5.3.1.2 Simplified consolidated statement of balance sheet

<i>In thousands of euros</i>	31.12.2019 IFRS 16	31.12.2018 excluding IFRS 16
Non-current assets	10,035.0	6,624.5
Current assets	903.2	999.0
Assets held for sale	-	-
TOTAL ASSETS	10,938.2	7,623.5

<i>In thousands of euros</i>	31.12.2019 IFRS 16	31.12.2018 excluding IFRS 16
Equity	2,569.6	2,568.0
Non-current liabilities	6,439.1	3,663.3
Current liabilities	1,929.5	1,392.2
Liabilities held for sale	-	-
TOTAL LIABILITIES	10,938.2	7,623.5

Assets

Non-current assets broke down as follows:

- goodwill amounting to €2,504.1 million, up €192.3 million, mainly due to acquisitions completed in France (Omega, Petits-fils, Les Acacias Gan and Briançon, Marienia), Spain (Seniors and Grupo 5), Germany (Schauinsland), Benelux (Senior Assist and Stepping Stones) and Italy (San Giuseppe and Sanem);
- intangible assets with a value of €1,943.9 million;
- property, plant and equipment amounting to €2,031.5 million, a decrease of €260.9 million over the year, primarily due to the application of IFRS 16;
- rights-of-use with a value of €3,441.1 million, resulting from implementation of IFRS 16 starting from 1 January 2019.

Current assets broke down essentially as follows:

- trade receivables with a value of €284.1 million, up €48.4 million due to additions to the consolidation scope;

- cash and cash equivalents amounting to €344.8 million, i.e. a decrease of €205.6 million due to hefty investments made in 2019.

Liabilities

- Consolidated equity totalled €2,569.6 million, an increase of €2.6 million year-on-year. This sharp increase was attributable to the Group's profit for the period (€116.2 million), offset by the dividend payment (€51.8 million), the impact of IFRS 16 application (€54.7 million) and other effects (€12.3 million).
- The consolidated equity Group share came to €2,558.2 million, almost stable year-on-year (€2,556.2 million in 2018).
- Financial liabilities totalled €2,861 million, a reduction of €413 million. They decreased primarily because of the implementation of IFRS 16, with IAS 17 liabilities being reclassified as lease obligations.
- Lease obligations totalled €3,646.7 million, resulting from the implementation of IFRS 16 starting from 1 January 2019.

5.3.2 Financial situation

5.3.2.1 Cash flows

Strict control over the working capital requirement and maintenance capital expenditure enabled operating free cash flows to grow more rapidly than the operating margin, to €230.6 million, a +13% increase year-on-year. Free cash flow came to -€123.2 million versus €31 million in 2018 as a result of increased investment in development and acquisitions (€353 million versus €173 million in 2018).

The Group kept its real estate investments more or less steady at €279 million. Its real estate ownership rate thus now stands at 22%.

More details can be found in the statement of cash flows in section 6.1 of this universal registration document.

5.3.2.2 Financial liabilities

At 31 December 2019, net financial liabilities ⁽¹⁾ including real estate debt totalled €2,516.7 million, having decreased by €207.0 million (-7.6%). Net financial liabilities excluding real estate debt came to €1,454.4 million versus €1,207.1 million at 31 December 2018, bringing the restated debt ratio ⁽²⁾ to 3.1× EBITDA versus 3.0× at end-December 2018 (the maximum ratio authorised under the

Group's financial covenants is 4.5×). Real estate debt contracted with financial counterparties meanwhile increased by €220.7 million, with the ratio of real estate debt to owned asset value remaining under control at 52%.

In accordance with the application of IFRS 16, IAS 17 liabilities were reclassified as lease obligations in the amount of €640.4 million at the close.

With the application of IFRS 16 incorporating rental expenses into financial liabilities, Korian's total debt came to €6,163.4 million.

The Group signed a contract with its banking partners on 27 May 2019 to amend and extend a syndicated loan agreement for a total amount of €1 billion (50% term loan and 50% revolving credit facility), with the maximum maturity being extended by 3 years to 2024 (and two 1-year extension options for the RCF tranche); this shores up the Group's financial structure and headroom for the long term.

In October 2019, the Group issued €100 million of *Namensschuldverschreibung* (NSV) bonds with a 15-year maturity and 2.25% coupon.

<i>In thousands of euros</i>	31.12.2019 excluding IFRS 16	IFRS 16 adjustments	31.12.2019 IFRS 16	31.12.2018 excluding IFRS 16
Borrowings from credit institutions and financial markets	1,665.7	-	1,665.7	1,724.1
Real estate debt	1,702.7	-640.4	1,062.3	1,516.5
<i>of which IAS 17 liabilities excluding sale and leaseback agreements</i>	640.4	-640.4	0	674.9
<i>of which real estate debt in respect of financial counterparties</i>	1,062.3	-	1,062.3	841.6
Other financial liabilities	125.9	-	125.9	25.6
Bank overdrafts	7.6	-	7.6	7.8
Financial liabilities (A)	3,501.9	-640.4	2,861.5	3,274.0
Marketable securities	55.1	-	55.1	93.0
Cash	289.7	-	289.7	457.4
Cash and cash equivalents (B)	344.8	0	344.8	550.4
Net indebtedness (A)-(B)	3,157.1	-640.4	2,516.7	2,723.7
Lease liabilities and obligations	0	3,646.7	3,646.7	0
Net indebtedness and lease obligations	3,157.1	3,006.3	6,163.4	-

(1) Net financial liabilities correspond to financial liabilities minus cash (marketable securities and available cash).

(2) Restated debt ratio: (net debt - real estate debt) / (adjusted EBITDA - 6.5% real estate debt).

5.3.3 Korian SA's annual financial statements

No changes to the accounting policy had any material impact on the annual financial statements.

5.3.3.1 Korian SA's income statement

<i>In millions of euros</i>	31.12.2019	31.12.2018
Revenue	131.0	83.7
Other operating income, reversals of provisions and reinvoiced expenses	10.9	7.9
Total operating income	141.9	91.6
Other external purchases and expenses	-76.1	-68.5
Income tax and other taxes	-2.8	-2.9
Wages and salaries	-56.6	-48.3
Depreciation, amortisation and provisions	-14.6	-11.6
Other expenses	-1.1	-0.9
Total operating expenses	-151.2	-132.3
Operating results	-9.4	-40.4
Net financial income	59.7	88.2
Non-recurring profit (loss)	6.2	-3.8
Income tax (consolidation gains)	10.2	25.9
NET PROFIT/(LOSS)	67.0	69.6

5.3.3.2 Analysis of the income statement

Operating results

Korian's income consists primarily of Group fees paid by its French and foreign subsidiaries. These fees totalled €88.8 million in 2019 and were apportioned according to the number of beds operated. Subsidiary fees and invoices are established in accordance with the service agreements reached between the Company and its subsidiaries (French and foreign).

Korian also reinvoices other expenses to its subsidiaries such as wages and salaries, other services and property leasing charges. In 2019, the amounts reinvoyed totalled €17.6 million.

Within this scope, wages and salaries of €56.6 million, for an average workforce of 513 employees, accounted for approximately 40% of total operating expenses.

Net financial income

As the Group's holding company, Korian receives dividends from its subsidiaries. These dividends decreased from €125.2 million in 2018 to €90.5 million in 2019.

Korian carries most of the Group's debt and financial instruments. The financial expenses incurred on financial liabilities totalled €43.9 million in 2019, i.e. a decrease of €4.6 million year-on-year thanks to lower interest rates. In addition, Korian recognised an expense of €6.4 million in 2019 in relation to financial instruments.

Conversely, as head of the cash pooling arrangement, Korian paid €1.9 million in 2019 (versus €0.6 million in 2018) in interest expense on current accounts but received €7.3 million in interest earned on the current accounts held with its subsidiaries (versus €5.2 million in 2018).

Non-recurring profit (loss)

Non-recurring profit (loss) was positive at €6.2 million, corresponding mainly to the disposal of premises and equity securities.

5.3.3.3 Korian SA's statement of balance sheet

Assets	31.12.2019	31.12.2018
Intangible assets	51.5	19.8
Plant, property and equipment	14.2	11.3
Non-current financial assets	3,190.3	3,038.3
Total non-current assets	3,256.0	3,069.4
Advance payments on orders	0.3	-
Trade receivables	143.7	89.2
Other receivables	1,495.9	1,006.6
Cash	217.5	380.5
Prepaid expenses	8.7	1.3
Total current assets	1,866.1	1,477.6
Debt issuance costs and bond redemption premiums	11.5	12.3
TOTAL ASSETS	5,133.6	4,559.3
Liabilities	31.12.2019	31.12.2018
Share capital	413.6	409.9
Reserves and premiums	1,166.9	1,142.7
Retained earnings	38.1	21.1
Profit/(loss)	67.0	69.6
Regulated provisions	2.4	2.4
Net position	1,688.0	1,645.7
Provisions for risks and expenses	5.1	2.3
Financial liabilities	3,356.9	2,855.4
Trade payables	43.3	32.9
Tax and social security liabilities	37.3	19.6
Other liabilities	2.8	3.2
Deferred income	0.1	0.1
Total operating liabilities	3,445.5	2,913.6
TOTAL LIABILITIES	5,133.6	4,559.3

Korian's statement of financial position totalled €5,133.6 million. This figure essentially broke down as follows:

Assets

- Non-current assets totalled €3,256.0 million, accounting for 63% of the statement of financial position. They consisted of:
 - €2,698.5 million of equity interests;
 - €486.4 million of loans to subsidiaries;
 - €5.3 million of other non-current financial assets;
 - €65.8 million of intangible assets and property, plant and equipment.
- The other main items on the assets side of the statement of financial position broke down as follows:
 - current accounts with subsidiaries amounting to €1,489.2 million;

- €217m of cash and cash equivalents;
- €11.5m of expenses to be apportioned, relating to debt issuance costs.

Liabilities

- The net position amounted to €1,688.0 million, having increased by €42.3 million mainly for the following reasons:
 - the payment in July 2019 of €49.2 million of dividends in respect of 2018 profits, and the €26.7 million capital increase resulting from the payment of the scrip dividend;
 - the €67.0 million profit for the period.
- Financial liabilities, which totalled €3,356.9 million at 31 December 2019, broke down into €1,564 million of bonds, €777.4 million of loans and other borrowings from credit institutions, and €1,015.5 million of current accounts held with subsidiaries.

Trade payables amounted to €43.3 million and broke down as follows:

- €16.3 million of provisions for invoices not yet received;
- €27.0 million of trade payables.

5.3.3.4 Payment deadlines for debts owed to suppliers and debts owed by customers

In accordance with articles L. 441-6-1 and D. 441-4 of the French Commercial Code, information on payment deadlines for debts owed to suppliers and debts owed by customers are shown in the table below.

Payment deadlines – Table in accordance with article D. 441-4, par. I of the French Commercial Code

	Article D. 441-I 1°: invoices received, unpaid at year-end and past due						Article D. 441-I 2°: invoices issued, unpaid at year-end and past due					
	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late-payment tranches												
Number of invoices	632	768	252	177	331	1,488	39	8	9	101	157	
Total amount of invoices, incl. VAT	21,764,924	1,852,717	2,496,735	266,457	209,264	4,825,173	959,641	94,848	438,256	1,198,870	2,691,614	
Percentage of total purchases, incl. VAT, in the year	7.78%	0.66%	0.89%	0.10%	0.07%	1.72%						
Percentage of revenue, incl. VAT, in the year							0.6%	0.1%	0.3%	0.8%	1.7%	
(B) Invoices excluded from (A) relating to payables and receivables in dispute or not recognised												
Number of invoices excluded						40						
Total amount of invoices excluded						440,681						
(C) Reference payment terms used (contractual or statutory deadline – article L. 441-6 or L. 443-1 of the French Commercial Code)												
Payment deadlines used to assess late payments	<ul style="list-style-type: none"> • Contractual deadlines: invoice expiry date minus invoice issue date • Statutory deadlines: 45 days from the invoice date 						<ul style="list-style-type: none"> • Contractual deadlines: invoice expiry date minus invoice issue date • Statutory deadlines: 45 days from the invoice date 					

5.3.3.5 Lavish expenses and overheads to be reversed

Lavish expenses, as defined in article 39-4 of the French Tax Code, totalled €266,930 for the financial year ended 31 December 2019, and the corresponding income tax expense is estimated at €91,904.

5.3.3.6 Information on existing branches (article L. 232-1 of the French Commercial Code)

In accordance with article L. 232-1 of the French Commercial Code, the Company reports that at 31 December 2019 it owned four branches located at:

- Zone Industrielle, 25870 Devecey;
- 2-12, chemin des Femmes, 91300 Massy;
- Allée de Roncevaux, 31240 L'Union;
- 59, rue Denuzière, 69002 Lyon.

5.3.3.7 Table of individual results for the past five years

Type of information/Period	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Duration of the period	12 months	12 months	12 months	12 months	12 months
Financial position for the period					
a) Share capital	€413,641,350	€409,882,125	€404,911,715	€400,890,210	€397,328,365
b) Number of shares issued	82,728,270	81,976,425	80,982,343	80,178,042	79,465,673
Comprehensive income of actual operations					
a) Revenue excluding taxes	€130,980,560	€83,774,203	€76,744,519	€69,034,532	€67,095,487
b) Earnings before taxes, profit-sharing, amortisation/depreciation & provisions	€71,657,468	€55,610,984	€53,222,400	€12,141,844	€54,353,380
c) Income tax	-€10,173,504	-€25,882,269	-€18,332,724	-€24,169,814	-€19,848,346
d) Earnings after taxes but before amortisation/depreciation & provisions	€81,830,972	€81,493,253	€71,555,124	€36,311,658	€74,201,726
e) Earnings after taxes, profit-sharing, amortisation/depreciation & provisions	€66,961,178	€69,629,923	€61,869,242	€21,871,487	€67,229,544
f) Amount of profit distributed	€49,191,338	€48,590,138	€48,109,415	€47,660,333	€47,679,404
g) Employee profit-sharing	-	-	-	-	-
Earnings per share					
a) Earnings after taxes but before amortisation/depreciation	€0.99	€0.99	€0.89	€0.45	€0.93
b) Earnings after taxes, amortisation/depreciation & provisions	€0.81	€0.85	€0.78	€0.27	€0.85
c) Dividend per share	-	€0.60	€0.60	€0.60	€0.60
d) Other distributions	-	-	-	-	-
Employees					
a) Number of employees	513	446	407	369	337
b) Total payroll	€39,413,810	€33,548,145	€30,242,546	€26,198,642	€21,813,403
c) Amounts paid as social benefits	€17,188,802	€14,782,372	€11,793,454	€11,768,041	€11,053,571

5.3.3.8 Research and development

The Group decided to set up a company foundation (the Korian Foundation for Ageing Well) to carry out research and studies on human and social sciences in partnership with university research centres and its facilities. This research work has not resulted in the filing of any patents of importance to its business.

Its projects help to develop and assess new therapeutic approaches in the field of non-medicinal treatment and

aimed at improving medication prescription. Research is also underway into the impact of robotics and artificial intelligence on the quality of life of residents and the working conditions of care assistants.

Korian granted the Korian Foundation for Ageing Well a €521,000 subsidy in 2019 and put four FTEs at its disposal.

Korian thus also benefits from a research tax credit calculated on the basis of the time its employees spend on research work; it amounted to €312,600 in 2019.

5.4 Proposed allocation of profit and dividend payment

5.4.1 Dividends paid over the past three years

Financial year concerned (financial year distributed)	Number of shares comprising the share capital	Number of shares receiving dividends	Dividend paid per share	Revenue distributed per share	
				Eligible for the 40% tax credit provided for in article 158, par. 3.2° of the French Tax Code	Ineligible for the 40% tax credit provided for in article 158, par. 3.2° of the French Tax Code
2018 (2019)	81,985,563	81,950,284	€0.60	€0.60	-
2017 (2018)	80,983,563	80,960,195	€0.60	€0.60	-
2016 (2017)	80,204,403	80,186,118	€0.60	€0.60	-

The payment of dividends or any other distribution depends on the Group's financial results, notably its net profit, and its investment policy.

The dividend payment policy is described in section 7.3.3 of this universal registration document.

5.4.2 Allocation of profit for 2019

The profit for the financial year totalled €66,961,178.31. Given the scale of the public health crisis and the need to continue investing massively in quality care and the protection of its residents, patients and staff, the Board of Directors decided at its meeting on 29 April 2020 to submit a proposal to the General Meeting convened to approve the accounts for financial year 2019 to:

- allocate the amount of €3,348,058.92 to the legal reserve; the balance of the profit for the financial year,

i.e. €63,613,119.39, plus retained earnings of €38,079,075.85, makes up the distributable profit for the financial year;

- allocate the total amount of distributable profit, *i.e.* €101,692,195.24, to the retained earnings account and therefore not pay a dividend.

5.5 Legal and arbitration proceedings

There are no pending or potential governmental, legal or arbitration proceedings, including proceedings of which the Company is aware, that may have or have had in the past 12 months a significant impact on the Company's and/or Group's financial position or profitability.

5.6 Significant changes in the Group's financial position since the end of the last financial year

We are not aware of any significant change in the Group's financial position since the end of the last financial year for which audited financial statements have been published.

5.7 Material events since the year-end

Further progress on the strategy of making targeted acquisitions, enriching the services on offer and expanding geographically

In the Netherlands

On 6 February 2020, the Group announced that it was taking over **two networks** of residential facilities, shared housing for seniors and specialised clinics.

Korian is thus acquiring a portfolio of nine assets (three existing facilities and six under development, totalling 250 beds and apartments by 2021) from Het Gouden Hart, a family-owned company offering long-term care units combining assisted living facilities and outpatient care. The founders will assist Korian in developing their care concept and related services within the Group.

The Group has also reached an agreement with Ontzorgd Wonen, the leading private operator in the Netherlands, to acquire five facilities corresponding to 240 units, of which two geriatric rehabilitation clinics located close to Amsterdam. Exclusive talks are currently underway to take over an additional seven facilities corresponding to 240 beds/apartments.

Korian will thus operate 50 facilities with capacity for 1,300 beds in 2021.

In France

On 25 February 2020, the Group announced that it was taking over **5 Santé**, a French company specialising in the treatment of chronic diseases (pulmonology, cardiology, neurology, addictions, etc.) from its founder, Catherine Miffre, and investment fund Parquest Capital.

5 Santé has an excellent reputation in the rehabilitation of patients with respiratory diseases, especially chronic obstructive pulmonary disease (COPD), and offers customised care pathways to patients who live at home or who visit its clinics for pre-scheduled stays. The company owns six post-acute and rehabilitation care clinics in the French regions of Auvergne-Rhône-Alpes and Occitanie, all designed to the highest standards of quality and comfort for their patients.

With close to 500 beds and around 100 day hospital units, these activities combined generated estimated revenue of €44 million in 2019. As part of this transaction, Korian will also acquire the company's real estate assets. Founder and CEO, Catherine Miffre, together with her management team are joining Korian to continue expanding 5 Santé.

On 25 February 2020, Korian announced that it was in exclusive talks with the two founders of start-up **Move In Med** to acquire a majority stake in its share capital. The company specialises in developing digital services and tools (e-health) geared towards improving the care pathway of patients with chronic diseases. Move in Med was awarded the Prix Galien (for medical excellence) in 2018 and is currently considered one of the most innovative companies in its field.

Some 50 public, private, institutional and voluntary organisations already use Move In Med's services. They include Korian, which worked with Move In Med to create an initial pathway for patients suffering from chronic obstructive pulmonary disease (COPD) that is now operational in the Les Trois Tours clinic (near Aix en Provence). Five further pathways are planned (patient fragility, post-stroke rehabilitation, Enhanced Recovery After Surgery (ERAS) in orthopaedics, outpatient post-acute and rehabilitation care, depression). Korian also collaborated with Move in Med on its Oriane solution.

Move in Med was founded in 2016 by Sylvie Boichot and Sophie Gendrault, two scientists specialising in consultancy on technological innovation and coordinated care pathways, and currently has a staff of 18. The company will continue to expand in France and internationally.

The information below is not included in the Management Report on which the Board of Administrators signed off on 27 February 2020.

Strengthened financial position

On 3 March 2020, Korian announced that it had successfully placed bonds convertible into and/or exchangeable for new and/or existing shares (OCEANES), with a maturity of 2027 and a nominal amount of approximately €400 million. The net proceeds of the issue will be used by the Company to finance its general operational requirements and growth, including real-estate investments and acquisitions, and to refinance acquisitions carried out during the first quarter of 2020. The bonds were issued at par and their nominal value was €61.53 each, representing a conversion premium of 55% with respect to the Company's share price. From the issue date until the maturity date, the bonds will pay interest at a nominal rate of 0.875% per year, payable annually in arrears on 6 March of every year.

On 19 March 2020, Korian issued €49 million of German-law registered bonds (NSV - *Namenschuldverschreibung*) with a 15-year maturity. The bonds pay an annual coupon of 2.50%. Settlement of the bonds took place on 9 April 2020 and the proceeds will be used to cover

the Group's general funding requirements. In April 2020, Korian exercised the first one-year extension option on the €500 million RCF (revolving credit facility) tranche of the syndicated loan it renegotiated in May 2019. The RCF is now due to expire in 2025 and gives the Group greater visibility and financial flexibility due to the support of its banking partners. Together, these transactions aim to strengthen the Group's financial position and increase its liquidity, so that it can finance its business over the long term and have readily available resources as it deals with the Covid-19 pandemic.

Coronavirus (Covid-19) pandemic

Drastic measures to protect residents, patients and employees

The Group activated level 2 of the *Vigilance Épidémies* plan on 25 February in five of its six host countries. This involved stepping up the barrier measures already in place and limiting visits in healthcare and medical welfare facilities. That same day, it activated level 3 of the plan at its facilities in Italy and in the first French areas to be hit by the epidemic (Oise). At that point, visits were suspended and access to facilities was restricted to employees and healthcare professionals. Level 3 was later activated in all facilities across the network, starting on 6 March in France, when the government triggered the Plan Bleu, then in Germany, Belgium, the Netherlands and Spain over the following days.

From 17 March 2020 onwards, as the pandemic was gathering pace and new clusters were appearing, strict lockdown protocols, in rooms or within small facilities, were implemented.

All these measures included specific training in methods to deal with the pandemic for employees working on site.

In addition to these protective measures, the Group made exceptional arrangements to:

- **Secure supplies of critical equipment, medicine and other purchases** throughout Europe: to avoid any shortages, at a time when markets around the world were under intense pressure and some health authorities were requisitioning part of the available stocks, the Group pooled its management of individual protective equipment inventory across Europe. Thanks to the Group's network of procurement officers and the fast response on the part of our main suppliers, stocks of critical supplies to last at least 30 days were secured and have been constantly replenished since. This platform is also ensuring that facilities have the medical equipment (e.g. oxygen systems) and medicine they need to treat patients with Covid-19.

- **Ensure service continuity in facilities:** the Korian Group's companies deployed considerable resources, coordinating at country level, to bolster the front-line teams dealing with the epidemic or replace employees on sick leave. They have hired about 3,700 people in total since 1 March.
- **Strengthening IT networks:** with all the Group's support-function teams in every country working from home, there were no disruptions or interruptions in the services provided at facilities or for outside organisations.
- **Keeping residents, patients and families in touch,** in spite of the lockdown, in particular with mobile videoconferencing capabilities on tablets at all facilities. Meanwhile, use of social networks such as Korian Générations in France, increased substantially (with 8,500 families active on them).

While 30 sites (accounting for 4% of the network), located in the epidemic's first clusters in France, Belgium and Italy, were sadly hit hard by the epidemic early on and for that reason reported a considerable number of fatalities, two-thirds of the facilities have had no identified cases of the disease to date. At 23 April 2020, 258 of the 803 medical welfare facilities in the network have reported cases of Covid-19 among residents, 3,677 of whom have tested positive.

During the various testing campaigns, taking into account the testing capacities in each country, 1,394 employees tested positive for Covid-19 (2.5% of the total) and 642 employees who had initially tested positive for Covid-19 are believed to have recovered.

The network's Europe-wide mobilisation against the pandemic

The first signs of the Covid-19 pandemic appeared in the Group's host countries this February. The virus was new and unusually contagious, little was known about its propagation mechanisms, it threatened elderly and fragile people most especially, and there were no treatments to prevent or cure it. The Group struck back, ahead of local health authorities' instructions and recommendations, based on the best available knowledge about the epidemic's spread.

All the teams on the front line alongside patients and residents in nursing homes, clinics and at home persistently continued to provide care and treatment in spite of the health risks. They were backed up by the support functions, which secured supplies, made arrangements to replace staff on sick leave and reinforced the IT systems, which came under considerable strain when employees started working from home. These emergency arrangements were made while constantly liaising with the various employee representative bodies.

The upsurge in solidarity among the Group's various activities (Medical Welfare, Healthcare and Home Care) was also visible on a local level. The healthcare teams provided exemplary support for the medical welfare network, particularly in France, through mobile teams (home care, hygiene correspondents) or the telemedicine system, Omedys, a subsidiary acquired at end-2019. By the end of March, the Group had connected over one-third of its medical welfare facilities to this platform enabling remote consultations and conversations with experts, for local medical teams and for employees to discuss their own concerns. The goal is to extend this platform across the network.

At the request of local health authorities, the Group also set aside beds and other capacity at more than 50 facilities and clinics across Europe, to help Covid-19 patients fully recover once they were discharged from hospital. In France, we have taken in 750 Covid+ patients, mostly from intensive care units, so far.

Through an experimental digital platform, Inu Covid, we are also providing remote care for patients. This platform was developed by our subsidiary Move In Med, a digital technology specialist, and is being used pending resumption of day care and ambulatory activities in the healthcare network.

Ongoing network adaptation to cope with Covid-19 over the long run

As the Coronavirus will likely continue to circulate for a lengthy period of time, as local health authorities are preparing to gradually ease the lockdown, and as no treatments to prevent or cure the disease will be available in the near future, the Group has mapped out an action plan to enable its medical welfare and healthcare facilities to continue to operate safely. This involves providing ensuring against the virus while resuming social activities and once again enabling close ties between residents and patients and their families and friends.

This action plan is based on the following measures:

- **Protecting:** maintaining the Vigilance Epidémie plan's level 3 hygiene and protective measures at all sites, as a precaution and until further notice.
- **Screening:** extensive campaigns on a regular basis, for employees, residents and patients, as tests become increasingly available.

- **Distancing:** immediately isolating anyone who is identified as contagious. **Connecting:** at the same time, in accordance with local guidelines, the Group is making arrangements for families and friends to start visiting facilities again, with measures to ensure safe and regulated access.

The Group continues and will continue to closely monitor medical knowledge about the way the virus spreads and to adapt prophylaxis accordingly, and findings relating to therapeutic options.

To this end, the Group's General Management has appointed a Covid committee, bringing together experts and other qualified individuals, and chaired by Dr Françoise Weber, to continue to adjust the medical and technical response to the challenges surrounding Covid-19.

The Group's Board of Directors and its Ethics, Quality and CSR Committee have also been watching the pandemic very closely since February.

To inform their work, the Board of Directors appointed an ad hoc committee on 2 April 2020 and tasked it with tracking all the pandemic's consequences on the Group. This committee has met six times so far.

Solidarity with all stakeholders

The Group is aware of the extraordinary dedication of the teams at its facilities, who are on the front line with their residents and patients, and of the unwavering involvement of its support function teams in efforts to cope with this unprecedented crisis. It plans to tighten its pact of trust with its employees, through its company project In Caring Hands.

Korian is already fully involved, alongside employee representative bodies across Europe, in professional development and training paths leading to formal qualification⁽¹⁾ (its target for 2023 is 8% of its workforce on a training path leading to formal qualification). It intends to advance its social dialogue with its partners on this matter, especially with a view to stepping up support for teams with training in occupational health and safety, and has set up its Foundation in Germany to further its efforts on this front.

The Group is also planning to pay out exceptional bonuses to the employees at its facilities in Europe, and is discussing with all employee representative bodies with a view to paying bonuses before the summer.

(1) Training, recognition of work experience, certificate and degree training paths.

Cuts in the compensation of the Chief Executive Officer, Chairman of the Board of Directors and Board members in 2020

Beyond the unwavering efforts and commitment of Korian's teams, the Board of Directors decided at its meeting on 29 April 2020 to agree to the Chief Executive Officer's proposal involving a 25% reduction to her compensation in 2020. This reduction also applies to the Chairman of the Board of Directors and the other Board members.

A €1 million Covid-19 Solidarity fund

As an extension of its societal initiatives for the elderly through its two foundations in France and Germany, Korian has set up a Covid-19 Solidarity fund and endowed it with €1 million to fuel research against the disease and support caregivers and their families.

It is principally funded by the 25% cuts in the compensation that the Group's corporate officers were due to receive in 2020 and contributions from the General Management Committee's members.

Q1 2020 consolidated revenue

First-quarter 2020 revenue up 8%, including organic growth of 3.7%⁽¹⁾, with the impact of the Covid-19 crisis remaining limited up to the end of March.

In the first three months of 2020, Korian generated revenue of €941.6 million, up 8.0% year-on-year and representing organic growth⁽¹⁾ of 3.7%. This increase only partially factors in the initial adverse effects of the Covid-19 pandemic, which occurred gradually and to varying extents in the Group's European markets.

As the virus spread and as the relevant authorities adopted measures in response, the Covid-19 effect started to affect the Group's various businesses in some regions of Italy in early March, and in other countries from mid-March.

Breakdown of revenue by country

In millions of euros	1 st quarter		% growth		
	2020	2019	Reported	Organic	% of revenue
Revenue					
France ⁽¹⁾	460.9	424.8	+8.5%	+4.8%	49%
Germany	245.2	233.6	+5.0%	+3.8%	26%
Benelux ⁽²⁾	139.1	123.7	+12.5%	+5.1%	15%
Italy	96.4	89.5	+7.7%	-4.0%	10%
TOTAL REVENUE	941.6	871.6	+8.0%	+3.7%	100.0%

(1) Of which Spain revenue: €8.6 million in Q1 2020 and €3.9 million in Q1 2019.

(2) Of which Netherlands revenue: €10.1 million in Q1 2020.

As a result, the increase in revenue in the first few months of the year reflects the Group's ongoing diversification into medical activities, alternative and inclusive housing and home care, and its development of digitally delivered home assistance services. The 20 acquisitions Korian made in 2019, along with those integrated during the first quarter, also boosted growth.

- In **France**, revenue totalled €460.9 million, representing growth of 8.5% (versus 6.1% in the first quarter of 2019) and including organic growth of 4.8%, since the initial Covid-19 impact did not start to appear until mid-

March. In particular, these figures reflect good performance in the Petits-fils (home care) and Ages&Vie (shared residences for seniors) businesses. The Healthcare division continued to benefit from the transformation of its network and its broader range of specialisms, including the integration of the six clinics forming part of Groupe 5 Santé from 1 February onwards. Measures taken to address the Covid-19 crisis led to the suspension of outpatient (ambulatory care) services, which had until then been growing rapidly.

(1) Organic revenue growth reflects: a) the year-on-year change in revenue from existing facilities; b) revenue generated in the current period by facilities established in the current or year-earlier period; c) the year-on-year change in revenue at redeveloped facilities or those where capacity has been increased in the current or year-earlier period; d) the year-on-year change in revenue at recently acquired facilities.

- In **Spain**, revenue from which is included with that of the French business, first-quarter growth was driven mainly by the activities acquired from Grupo 5 in June 2019. However, as in the Group's other countries, nursing homes have not accepted any new residents since the start of the lockdown on 15 March and day care centres have been closed.
- In **Germany**, revenue rose 5.0% to €245.2 million because of the contribution from acquisitions made in 2019 and the build-up of the home care business. Organic growth of 3.8% reflects the impact of changes in the care mix.
- In **Benelux**, revenue grew 12.5% to €139.1 million, driven by the April 2019 acquisition of Stepping Stones in the Netherlands, and by the two networks of residences, shared residences for seniors and specialist clinics that were added to the Dutch business in February 2020.

The figures also reflect the build-up of the Belgian serviced residence business. However, after lockdown measures were introduced in Belgium on 18 March 2020, all day care centres and cafes open to the public within Belgian facilities have had to close, and nursing homes in Flanders have not been authorised to accept any new residents.

- In **Italy**, revenue rose 7.7% to €96.4 million, driven by 2019 acquisitions in the clinics and home care business. However, organic growth was significantly affected by lockdown measures introduced on 9 March 2020 in Lombardy, Veneto, and Tuscany, where the Group has operations. This led to the closure of all day care centres, ambulatory care services and home rehabilitation activities, and of most surgical activities. Nursing homes saw business levels similar to those of the first quarter of 2019, but were unable to welcome any new residents in March 2020.

5.8 Foreseeable changes – Outlook

In the context of the Covid-19 pandemic, the Group will remain fully focused on responding to the care and support needs of the elderly and fragile, both across its network of clinics and nursing homes and in their own homes.

In particular, given the challenges and requirements revealed by the Covid pandemic crisis, Korian will continue and step up the transformation underway within its various networks by further developing its specialised healthcare activities to complement and support its medico-social activities, by speeding up the

transformation and medicalisation of its nursing homes thanks to the ongoing programme to invest in real estate, and by developing alternative care solutions combining home care, outpatient supervision and support and relief for caregivers.

While waiting for greater visibility on the public health and economic situation in its various geographies, Korian is temporarily suspending the 2020 guidance it issued on 27 February 2020. It will update the market when the outlook has become clearer.



Financial statements for the year ended 31 December 2019

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6.1 Consolidated financial statements for the year ended 31 December 2019

Consolidated income statement

<i>In thousands of euros</i>	Notes	31.12.2019	31.12.2018
Revenue	4.2	3,612,502	3,336,484
Purchases used in the business		-276,743	-265,142
Personnel expenses	5.1	-1,917,334	-1,722,110
External expenses		-448,904	-765,428
Income tax and other taxes		-93,979	-103,083
Other operating income and expenses		9,353	-3,655
Depreciation, amortisation and impairment	4.1	-510,641	-163,298
Other operating income and expenses	4.3	-15,683	-14,507
Operating income	4.1	358,571	299,262
Cost of net debt ⁽¹⁾	9.1	-105,288	-105,995
Other items of financial income	9.1	-77,772	-15,629
Net financial income	9.1	-183,060	-121,623
Profit/(loss) before tax		175,511	177,638
Income tax	11.1	-59,286	-52,606
Profit/(loss) of consolidated companies		116,224	125,032
Non-controlling interests		-1,544	-1,899
Share attributable to owners of the Group		114,681	123,133
Net profit/(loss) per share attributable to owners of the Group (<i>in euros</i>)	8	1.39	1.50
Diluted earnings per share attributable to owners of the Group (<i>in euros</i>)	8	1.29	1.38
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE GROUP		114,681	123,133
Recycled items: impact of IFRS 9 and IFRS 2 (measurement of hedging instruments and free share plans) net of tax ⁽²⁾		-5,594	-3,205
Non-recycled items: impact of IAS 19 impact (actuarial gains and losses) ⁽²⁾		-5,329	2,068
Gains and losses recognised directly in equity (attributable to owners of the Group)⁽²⁾		-10,923	-1,137
Net profit/(loss) and gains and losses recognised directly in equity (attributable to owners of the Group) ⁽²⁾		103,757	121,996
Net profit/(loss) and gains and losses recognised directly in equity (non-controlling interests) ⁽²⁾		1,544	1,909

(1) Reclassification of hedging costs during the period of comparison.

(2) See Consolidated statement of changes in equity.

Consolidated statement of financial position

Assets

<i>In thousands of euros</i>	Notes	31.12.2019	31.12.2018
Goodwill	6.1	2,504,154	2,311,822
Intangible assets	6.2	1,943,860	1,822,819
Property, plant & equipment	6.3	2,031,514	2,292,431
Rights of use	2	3,441,069	0
Financial assets		38,152	57,296
Deferred tax assets	11.3	76,259	140,132
Non-current assets		10,035,008	6,624,501
Inventory	4.4	33,909	17,113
Trade and other receivables	4.4	284,047	235,611
Other receivables and current assets	4.4	235,870	192,666
Financial instruments – assets	9.2	4,619	3,213
Cash and cash equivalents	9.4	344,786	550,361
Current assets		903,232	998,964
TOTAL ASSETS		10,938,240	7,623,465

Liabilities

<i>In thousands of euros</i>	Notes	31.12.2019	31.12.2018
Share capital		413,641	409,882
Premiums		902,503	881,765
Consolidated reserves and results		1,242,043	1,264,538
Equity attributable to owners of the Group		2,558,187	2,556,185
Non-controlling interests		11,449	11,814
Total shareholder's equity		2,569,637	2,567,999
Provisions for pensions	5.2	85,454	70,769
Deferred tax liabilities	11.3	534,627	583,287
Other provisions	10	57,028	115,982
Borrowings and financial debt	9.2	2,408,004	2,861,096
Lease obligations more than one year	2	3,315,424	0
Other non-current debt		38,544	32,132
Non-current liabilities		6,439,082	3,663,266
Provisions for less than one year	10	12,607	12,482
Trade payables and related accounts	4.4	369,942	315,111
Other liabilities and accruals	4.4	733,205	635,523
Borrowings due within one year and bank overdrafts	9.2	453,481	412,948
Lease obligations within one year	2	331,270	0
Financial instruments - Liabilities	9.2	29,016	16,136
Current liabilities		1,929,522	1,392,200
TOTAL LIABILITIES		10,938,240	7,623,465

Consolidated statement of cash flows

<i>In thousands of euros</i>	Notes	31.12.2019	31.12.2018
Net profit/(loss)		116,224	125,032
<i>Of which income tax expense</i>		59,286	52,606
Net depreciation/amortisation and provisions		460,330	142,340
Deferred tax		-17,511	-8,210
Gain/(loss) at fair value and non-cash items		4,225	-11,219
Gain on disposal of assets		2,289	5,153
Cash flow after cost of net debt		565,558	253,096
Elimination of securities acquisition costs		8,008	6,959
Elimination of net interest paid		164,072	100,063
Cash flow before cost of net debt		737,638	360,119
Change in inventories		-16,407	-4,775
Change in trade receivables		-26,224	-13,000
Change in trade payables		31,257	27,965
Change in corporate income tax		17,418	-14,562
Change in other items		-7,548	21,525
Change in working capital requirement		-1,503	17,153
Net cash generated from operations		736,135	377,272
Impact of changes in scope (acquisitions)	3	-349,100	-95,435
Impact of changes in scope (disposals)	3	4,299	-60
Payment for property, plant and equipment and intangible assets		-310,605	-264,596
Payment for other financial investments		7,773	-6,500
Proceeds from disposals of non-current assets (excluding securities)		27,051	3,249
Net cash from/(used in) investing activities		-620,581	-363,341
Net cash flow		115,554	13,931
Capital increase of non-controlling interests		29	91
Treasury shares charged to equity		1,105	473
Increase in borrowings and financial liabilities	9.2	588,560	697,825
Repayment of borrowings and financial debt	9.2	-411,188	-538,317
Repayment of lease liabilities		-298,737	
Other cash flows from/(used in) financing activities – Hybrid financial instruments		-8,247	-8,220
interest paid		-102,070	-102,019
Interest paid on lease liabilities		-65,228	
Dividends paid to shareholders of the parent		-24,657	-24,865
Dividends paid to non-controlling interests in consolidated companies		-511	-98
Net cash from/(used in) financing activities		-320,944	24,870
CHANGE IN CASH POSITION		-205,390	38,801
Cash and cash equivalents at the start of the period		542,604	503,802
Cash and cash equivalents at the end of the period		337,213	542,604
Marketable securities	9.4	55,100	92,951
Cash	9.4	289,696	457,410
Bank overdrafts	9.2	-7,583	-7,757
CASH AND CASH EQUIVALENTS		337,213	542,604

Consolidated statement of changes in equity

<i>In thousands of euros</i>	Share capital	Premiums	Shares and equity instruments	Investments and financial placements	Cash flow hedges and cost of hedging	Employee benefits	Charged directly to equity	Reserves and consolidated results	Equity attributable to owners of the Group	Non-controlling interests	Total shareholder's equity
At 31 December 2017	404,912	860,040	-1,111	291,652	-10,657	-32,986	287,140	663,416	2,462,406	12,272	2,474,678
Dividend distribution								-48,576	-48,576	-3,118	-51,694
Capital increase	4,970	21,725						-5	26,690		26,690
Business combinations							-180		-180	0	-180
Treasury shares			-356						-356		-356
Equity instruments				-9,910					-9,910		-9,910
Acquisition of non-controlling interests and other changes							-69	4,185	4,116	751	4,866
<i>Net profit in 2018</i>								123,133	123,133	1,899	125,032
Impact of IAS 19 (actuarial gains and losses)						2,068			2,068	10	2,078
Measurement of hedging derivatives and free share plans			846		-4,052				-3,205		-3,205
<i>Comprehensive income</i>			846		-4,052	2,068		123,133	121,996	1,909	123,904
At 31 December 2018	409,882	881,765	-621	281,742	-14,709	-30,918	286,891	742,153	2,556,186	11,814	2,567,999
Dividend distribution								-49,170	-49,170	-2,610	-51,780
Capital increase	3,759	20,738						-46	24,452	5,903	30,355
Business combinations								0	0	-54	-54
Treasury shares			1,105						1,105		1,105
Equity instruments				-7,715					-7,715		-7,715
Acquisition of non-controlling interests and other changes ⁽¹⁾							-167	-15,529	-15,696	-5,147	-20,843
<i>Net profit in 2019</i>								114,681	114,681	1,544	116,224
Impact of IAS 19 (actuarial gains and losses)						-5,329			-5,329		-5,329
Impact of IFRS 16 on restatement of lease income (net of tax)							-54,731		-54,731		-54,731
Measurement of hedging derivatives and free share plans			1,619		-7,212				-5,594		-5,594
<i>Comprehensive income</i>			1,619		-7,212	-5,329		114,681	103,757	1,544	105,301
AT 31 DECEMBER 2019	413,641	902,503	2,103	274,027	-21,921	-36,247	231,993	792,088	2,558,187	11,449	2,569,637

(1) Includes a new provision for a dispute concerning a correction in the balance sheet for a prior-year acquisition.

Notes to the consolidated financial statements

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The consolidated financial statements for the year ended 31 December 2019 were reviewed by the Audit Committee on 25 February 2020 and approved by the Board of Directors on 27 February 2020.

The Group and its subsidiaries are:

- companies operating long-term care nursing homes providing accommodation and care for elderly people who are unable to live at home due to their state of dependency. Their mission is to provide elderly people with dignified support and care, irrespective of their level of dependency, up until the end of their life;
- companies operating specialised clinics, which care for convalescent or disabled patients after an intensive

care stay. Their purpose is to reduce physical and/or psychological disability or restore autonomy to help the patient return home and reintegrate their social and working environment;

- companies operating assisted living facilities offering independent elderly people an environment that suits their lifestyle, while facilitating social interaction;
- companies operating home care facilities, which offer an alternative to hospitalisation;
- companies whose purpose is to own the facilities' premises.

Note 1 • ACCOUNTING POLICIES

Declaration of compliance

The consolidated financial statements have been prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the balance sheet date. These standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), together with their interpretations, which are available on the European Union's website at: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_fr.

The consolidated financial statements were prepared using the same accounting methods and policies that were used to prepare the consolidated financial statements for the year ended 31 December 2018, with the exception of the standards, amendments and interpretations that were compulsory as of 1 January 2019 and which had not been adopted in advance by the Group:

IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies the application of the requirements of IAS 12 "Income taxes" concerning recognition and measurement in the event of uncertainty over the treatment of income tax.

This interpretation is effective from 1 January 2019. The related analysis is presented in Note 10.

IFRS 16 "Leases"

The main impact of the application of standard IFRS 16 for the Group as lessee is the requirement that all leasing contracts be recognised on the balance sheet, without distinction between finance and operating leases. In accordance with IFRS 16, all contracts falling within the definition of a lease must be recognised by the lessee as a right-of-use asset and a lease liability.

The implementation of this new accounting standard had material impacts on the 2019 financial statements. These impacts are discussed in Note 2.

The Group also applies the standards and amendments adopted by the European Union in 2019, the application of which is mandatory for fiscal years beginning on or after 1 January 2019.

The other amendments and interpretations that were applicable from 2019 did not have an impact on the Group's consolidated financial statements, namely:

- amendments to IFRS 9 "Financial instruments" involving "Prepayment features with negative compensation";

- amendments to IAS 28 "Investments in Associates and Joint Ventures" involving "Long-term interests in associates and joint ventures";
- amendments to IAS 19 "Employee Benefits" involving "Plan amendments, curtailment or settlement";
- annual improvements to IFRS standards – 2015-2017 Cycle.

These annual improvements involved amendments to IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements" referring to "Previously held interests in a joint operation", and IAS 23 "Borrowing Costs" referring to "Borrowing costs eligible for capitalisation".

The amendment to IAS 12 "Income Taxes" referring to "Income tax consequences of payments on Instruments classified as equity" specifies that an entity must recognise all tax consequences of the payment of dividends in the same way (deleting section 52B and adding section 57A). The Group has always recognised the tax impact of coupons on hybrid instruments in income (see Note 11.2).

IFRS standards, amendments and interpretations applicable after 2019 and not early adopted by the Group

- IFRS 17 "Insurance Contracts";
- amendments to IFRS 3 "Business Combinations" involving the "Definition of a business";
- amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Materiality";
- amendments to IAS 39 and IFRS 9 "Interest Rate Benchmark Reform" impacting interbank offered rates (IBOR), concerning the implications of IBOR reform (disappearance of EURIBOR, EONIA, etc.), particularly for hedging.

An analysis of these standards and amendments is underway but the Group has not identified any material impact in respect of its 2020 accounts.

Presentation of the financial statements

The Group's consolidated financial statements are prepared on a historical cost basis except for assets and liabilities, which are recorded at fair value in accordance with IFRS 9 (Note 9.3). Current assets and liabilities are assets and liabilities held for use or sale as part of the normal business cycle (less than one year).

The consolidated financial statements are presented in thousands of euros.

Critical accounting estimates and judgements

To prepare the consolidated financial statements, the Group applies estimates and judgements that are regularly updated and which are based on historical experience and other factors, including expectations of future events deemed reasonable in view of the circumstances. For items on which assumptions and estimates are used, the results of tests on the sensitivity of accounting values to the main assumptions are provided in the relevant notes.

In preparing the financial statements, the Group made significant estimates and judgements on the following items:

a) Business combinations (Notes 3 and 6.1)

As regards acquisitions (IFRS 3 "Business Combinations"), the Group measures acquired assets (particularly operating licences) and liabilities at fair value.

Liabilities, price adjustments and options pertaining to commitments to purchase non-controlling interests are valued on the basis of the information or situations prevailing at the date of preparation of the financial statements (medium-term business plan), which may prove to be different from actual outcomes.

Changes in fair value of liabilities in respect of options (put options on non-controlling interests) are recognised in equity.

b) Goodwill, intangible assets and property, plant and equipment (Note 6.5)

The values in use of intangible assets and plant, property and equipment at each CGU are based on the Company's internal valuations and its medium-term business plan. The main valuation assumptions applied (medium-term growth rate, discount rate, margin and perpetuity growth rate) were estimated by the Group.

The accounting value of assets is reviewed annually, and whenever events or circumstances indicate that they may have been impaired. Such events and circumstances may be due to material adverse changes of a lasting nature that affect either the economic environment or the assumptions and objectives used at the last balance sheet date.

c) Leases (IAS 17 and IFRS 16) (Note 2)

Prior to 1 January 2019, and in accordance with IAS 17, the Group conducted individual analyses of each of its leases. Leases were classified as finance leases when Korian benefited from the large majority of the risks and rewards incidental to ownership of the leased asset and was therefore acting as if it were the owner of the leased property. All other contracts were deemed to be operating leases.

Under IFRS 16, lease liabilities pertaining to real estate are determined by the term of said leases, corresponding to the non-cancellable period, and, where applicable, any renewal options that the Group is reasonably certain to implement.

d) Employee benefits (Note 5)

The discounted value of the liabilities associated with employee benefits is calculated using various assumptions, such as the discount rate, the salary growth rate, employee turnover and the retirement age. Any change made to these assumptions has an impact on the carrying amount of liabilities associated with employee benefits. Note 5 employee benefits and expenses" provides more information on this subject.

e) Classification of French tax on corporate value added (CVAE) (Note 11.2)

The Group has analysed its accounting treatment of the French tax on corporate value added (CVAE) in respect of IFRS. It concludes that the CVAE qualifies as a tax on income as defined by IAS 12.2 ("Taxes based on taxable income").

Note 2 • IMPACT OF FIRST-TIME APPLICATION OF IFRS 16

The following table lists the impacts of the first-time application of IFRS 16 on the opening balance sheet for the reporting period:

<i>In thousands of euros</i>	31.12.2018	First-time application of IFRS 16	1 January 2019, applying IFRS 16
Goodwill	2,311,822	-	2,311,822
Intangible assets	1,822,819	-43,904	1,778,916
Property, plant & equipment	2,292,431	-585,126	1,707,305
Rights of use IFRS 16	-	3,364,251	3,364,251
Financial assets	57,296	-	57,296
Deferred tax assets	140,132	15,576	155,708
Non-current assets	6,624,501	2,750,798	9,375,299
Inventory	17,113	-	17,113
Trade receivables and related accounts	235,611	-	235,611
Other receivables and current assets	192,666	-1,532	191,134
Financial instruments – assets	3,213	-	3,213
Cash and cash equivalents	550,361	-	550,361
Current assets	998,964	-1,532	997,432
TOTAL ASSETS	7,623,465	2,749,266	10,372,731

<i>In thousands of euros</i>	31.12.2018	First-time application of IFRS 16	1 January 2019, applying IFRS 16
Share capital	409,882	-	409,882
Premiums	881,765	-	881,765
Reserves and consolidated results	1,264,538	-54,731	1,209,807
Equity attributable to owners of the Group	2,556,185	-54,731	2,501,454
Non-controlling interests	11,814	-	11,814
Total shareholders' equity	2,567,999	-54,731	2,513,268
Provisions for pensions	70,769	-	70,769
Deferred tax liabilities	583,287	0	583,287
Other provisions	115,982	-	115,982
Borrowings and financial debt	2,861,096	-674,880	2,186,216
Lease obligations more than one year	-	3,297,572	3,297,572
Other non-current debt	32,132	-	32,132
Non-current liabilities	3,663,266	2,622,691	6,285,957
Provisions for less than one year	12,482	-	12,482
Trade payables and related accounts	315,111	-	315,111
Other liabilities and accruals	635,523	-113,077	522,445
Borrowings due within 1 year and bank overdrafts	412,948	-	412,948
Lease obligations within one year	-	294,383	294,383
Financial instruments - Liabilities	16,136	-	16,136
Current liabilities	1,392,200	181,305	1,573,506
TOTAL LIABILITIES	7,623,465	2,749,266	10,372,731

The first-time application of IFRS 16 had the following effects on the opening balance sheet for the reporting period:

- recognition of rights of use and lease liabilities;
- reclassification of assets and liabilities recognised in respect of existing finance leases at 31 December 2018;
- reclassification of unfavourable contracts and lease incentives as a reduction in rights of use;
- improvement in operating income and in net cash generated from operations, offset by a decline in financial income.

The Group has applied this standard using the “modified retrospective” approach, which simplifies the calculation of certain first-time application impacts:

- recognition of lease liabilities at the present value of residual lease payments, calculated using the lessee’s incremental borrowing rate on the date of first application;
- the right-of-use asset is recognised either at an amount equal to the lease liability (adjusted for rents paid in advance and any provisions for profit/loss-making contracts booked to the statement of financial position at 31 December 2018), or by calculating the book value, as if the standard had been applied from the effective leasing contract start date (but applying the incremental borrowing rate from the date of first application);
- contracts previously booked as finance leases remain recognised at their asset and liability value at 1 January 2019;

(iv) the modified retrospective approach does not require comparative restatement of prior financial statements.

In step with the transition, the Group has analysed its contracts with a view to:

- identifying contracts that contain a lease within the meaning of IFRS 16;
- establishing the main assumptions to be applied in measuring right-of-use and lease liability, particularly in respect of lease terms and the discount rate used to measure the lease liability.

Accordingly, liabilities in relation to property leases will be determined by the term of those contracts, corresponding to the non-cancellable period, and, where applicable, any renewal options that the Group is reasonably certain to implement.

The Group used two capitalisation exemptions proposed under the standard, in respect of leases with a term of less than 12 months and leases on properties with an individual replacement value of less than US\$5,000.

The discount rates applied on the transition date are based on the Group’s incremental borrowing rate plus a spread reflecting the economic conditions in each country. The residual lease terms at the date of first application were taken into account when calculating discount rates. The discount rates applied are revised at the close of each annual reporting period.

Reconciliation between lease liabilities at date of transition and off-balance sheet commitments

In thousands of euros

Commitments in respect of operating leases at 31.12.2018	3,291,248
Impact of optional periods not included in off-balance sheet commitments	104,863
Other impacts	-8,746
Lease liabilities before discounting	3,387,365
Discounting effect	-470,290
Lease liabilities after discounting	2,917,075
Existing finance leases	674,880
LEASE LIABILITIES AT 1 JANUARY 2019 AFTER FIRST-TIME APPLICATION OF IFRS 16	3,591,955

Analysis of change in rights of use by class of underlying asset

<i>In thousands of euros</i>	Real estate
31 December 2018	
First-time application of IFRS 16	3,364,251
Inflows of assets, net of renegotiations	331,607
Depreciation and amortisation	-313,278
Lease terminations	0
Change in consolidation scope	64,915
Other changes	-6,427
31 DECEMBER 2019	3,441,069

Maturity analysis of lease liabilities at 31 December 2019

<i>In thousands of euros</i>	Total	<1 year	1 to 5 years	>5 years
LEASE LIABILITIES	3,646,694	331,270	1,139,644	2,175,780

Analysis of sensitivity to changes in interest rates

The assumption of a 10 basis-point decline in interest rates, would increase lease liabilities by €161 million. The assumption of a 10 basis-point increase in interest rates would reduce lease liabilities by €147 million.

Note 3 • HIGHLIGHTS

Change in the scope of consolidation

At 31 December 2019, the consolidation scope included, in addition to the parent company Korian SA, 579 fully consolidated companies (vs. 503 at 31 December 2018).

The financial year ending 31 December 2019 was highlighted by the following events:

Changes in scope – France

- Home help services company, Petits-fils, was included in Korian's consolidation scope with effect from 1 January 2019. Petit-fils was acquired in 2018. This acquisition was not included in the consolidation scope at 31 December 2018 due to the immaterial nature of earnings in 2018 and of their contribution to total consolidated assets at 31 December 2018.
- Acquisition in February 2019 of Les Acacias in Gan, a 78-bed clinic generating annual revenue of around €4 million.
- Completion of the acquisition of the Omega group on 18 February 2019. Located in south-western France, Omega owns 14 nursing homes, three assisted living facilities (two of which are under construction) and nine homecare service agencies, and generates around €40 million in annual revenue.
- Acquisition, in April 2019, of Marienia, a 111-bed clinic with annual revenue of around €11 million.

- On 17 May 2019, in its capacity as key shareholder of the company Ages & Vie, Korian signed a partnership agreement with the Banque des Territoires and Crédit Agricole Assurances with a view to accelerating the company's expansion in France by creating a real-estate investment company (SCI), called Foncière Ages & Vie, to provide a vehicle for its property investments. Following the signature of a shareholders pact, Korian was granted the powers to manage this company.

- Acquisition in September 2019 of Les Acacias in Briançon, a 72-bed clinic generating annual revenue of around €6 million.

Changes in scope – Belgium

- Acquisition in January 2019 of the Heydeveld 109-bed nursing home generating annual revenue of around €2 million. Heydeveld was consolidated from 1 January 2019.

Changes in scope – Germany

- Acquisition in March 2019 of Schauinsland, a German company operating six long-term care nursing homes, with total capacity of around 420 beds in the Baden-Wurtemberg region. Schauinsland generates annual revenue of around €18 million.

Change in scope – Spain

- In January 2019, the Group acquired Seniors, a Spanish company which operates a group of seven high-end long-term care nursing homes based around Malaga in Andalusia. Seniors has a diversified portfolio of around 1,300 beds, including assisted living and day care facilities. Seniors generates annual revenue of around €15 million.
- Acquisition of Grupo 5's nursing home operations, consisting of six long-term care nursing homes on the Balearic Islands giving it a diverse portfolio of 696 beds, including day care facilities, for annual revenue of around €15 million.

Change in scope – Netherlands

- Acquisition of Dutch company Stepping Stones, which operates a group of 12 facilities and generates annual revenue of around €15 million.

Changes in scope – Italy

- Acquisition in June 2019 of the Sanem group, which operates four clinics in Rome with a capacity for around 100,000 registrations per year. The company, which has been consolidated since 1 June 2019, generated annual revenue of around €10 million in 2018.
- Acquisition in July 2019 of two multi-facility care homes, Villa Silvana and Villa Carla (103 beds in care homes, 60 beds in rehabilitation clinics, and one hospital day care centre). The company, which has been consolidated since 1 July 2019, generated annual revenue of around €15 million in 2018.
- Acquisition in September 2019 of the 80-bed clinic Istituto Clinico Valle d'Aosta (ISAV). The company, which has been consolidated since 1 September 2019, generated annual revenue of around €7 million in 2018.

Material information on significant changes in scope

a) Impact on cash of acquisitions and disposals of subsidiaries and joint ventures

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Purchase price of subsidiaries [A]	407,781	212,555
Cash out/cash in [B]	374,548	198,563
Debt incurred [C] = [A]-[B]	33,233	13,992
Disposal price [D]	4,659	272
Cash acquired [E]	25,449	103,128
Cash disposed of [F]	-361	-332
IMPACT OF CHANGE IN SCOPE [G] = [E]-[F]-[B]+[D]	-344,801	-95,494

b) Subsidiaries acquired during the year

The subsidiaries acquired during the year were not materially significant. As such, their opening IFRS balance sheets at the date of acquisition have been aggregated for presentation purposes. The impact on the consolidated statement of financial position of the financial position of the subsidiaries acquired and of the provisional allocation of their acquisition prices over the year breaks down as follows:

<i>In thousands of euros</i>	Assets contributed	Liabilities contributed
Goodwill	192,860	
Intangible assets	132,784	
Property, plant & equipment	206,739	
Rights of use	64,193	
Financial assets	4,031	
Deferred tax assets	4,602	
Non-current assets	605,209	
Inventory	410	
Trade receivables and related accounts	20,572	
Other receivables and current assets	21,874	
Current assets	42,856	
Non-controlling interests		4,510
Provisions for pensions		1,664
Deferred tax liabilities		57,874
Other provisions		5,313
Borrowings and financial debt		58,912
Lease obligations more than one year		56,006
Other non-current debt		4,422
Non-current liabilities		184,192
Provisions for less than one year		869
Trade payables and related accounts		18,740
Other liabilities and accruals		45,306
Borrowings due within 1 year		24,156
Lease obligations within one year		5,502
Financial instruments - Liabilities		39
Current liabilities		94,612
ASSETS CONTRIBUTED	648,065	
LIABILITIES CONTRIBUTED		283,314
Net contribution	364,751	

Refinancing

On 27 May 2019, the Group signed an agreement with its partner banks amending and extending its syndicated loan contract for a total amount of €1 billion (50% Term Loan and 50% Revolving Credit Facility), including an extension of the maximum maturity by three years until 2024 (with two one-year extension options for the RCF

tranche), to give the Group greater financial firepower and flexibility over the long term.

In October 2019, the Group arranged a loan maturing in 15 years and carrying a coupon of 2.25%, giving it a total of €92.7 million.

Note 4 • SEGMENT INFORMATION – EBITDAR – WCR

4.1. Operating segments

IFRS 8 requires the disclosure of sector information based on the components of the Group reviewed and measured by the Group's management. These segments (operating sectors) are identified on the basis of internal reports that are regularly reviewed by the Group's operational management when deciding to allocate resources to these segments and when assessing their results.

The Group is organised around four operating segments: France, Germany, Benelux and Italy.

The Group's operational management monitors the indicators shown in the table below, particularly revenue and EBITDAR.

EBITDAR consists of the Group's recurring income and expenses. It therefore provides an indicator of operating performance. Professionals use this indicator to measure the company's operating performance after stripping out the impact of real-estate policies.

Operating segments at 31.12.2019 <i>In thousands of euros</i>	Total of all activities	France ⁽¹⁾	Germany	Benelux ⁽²⁾	Italy
Revenue	3,612,502	1,760,922	961,052	515,501	375,028
EBITDAR	944,553	473,911	251,783	130,082	88,777
	26.1%	26.9%	26.2%	25.2%	23.7%
Transition from EBITDAR to operating income at 31 December 2019:					
EBITDAR	944,553				
Lease expenses	-59,657				
EBITDA	884,895				
Depreciation, amortisation and provisions	-510,641				
Other operating income and expenses	-15,683				
Operating income	358,571				

(1) Includes €25.4 million in revenue in Spain.

(2) Includes €12.4 million in revenue in the Netherlands.

Operating segments at 31.12.2018 <i>In thousands of euros</i>	Total of all activities	France	Germany	Benelux	Italy
Revenue	3,336,484	1,644,360	912,723	436,171	343,230
EBITDAR	873,184	444,808	234,509	112,813	81,054
	26.2%	27.1%	25.7%	25.9%	23.6%
Transition from EBITDAR to operating income at 31 December 2018:					
EBITDAR	873,184				
Lease expenses	-396,118				
EBITDA	477,066				
Depreciation, amortisation and provisions	-163,298				
Other operating income and expenses	-14,507				
Operating income	299,262				

4.2. Revenue

Korian specialises in the provision of care and support services for the elderly in Europe, with four business lines: Specialised clinics, home care and services, assisted and shared housing for seniors, and care homes. Revenue

includes care services recognised as revenue upon completion, whatever the source of payment.

Revenue for the year ended 31 December 2019 totalled €3,612 million, an increase of €276 million relative to the previous year.

4.3. Other operating income and expenses

These items represent the impact of major events during the accounting period that could skew the interpretation of the performance, particularly of EBITDAR, the Group's preferred indicator for financial communication purposes.

To facilitate the interpretation of operational performance, these income and expense items, which are relatively few and infrequent, are presented separately in the income statement.

They mainly consist of:

- gains or losses on disposals and substantial and unusual impairment of non-current intangible assets and of property, plant and equipment;
- transaction-related expenses over the period;
- certain restructuring or merger expenses, consisting solely of restructuring costs that may distort current operating income due to their unusual nature and size (impact of real estate asset refinancing and disposals made as part of M&A transactions);
- other operating income and expenses such as substantial provisions to cover disputes.

In thousands of euros

	31.12.2019	31.12.2018
Gain/(Loss) on acquisition and disposal of consolidated entities	2,191	-7,282
Share of sale and leaseback gain	3,935	3,837
Gain/(loss) on disposal of non-current assets	-2,149	-1,141
Other operating income/Other operating expenses	-19,660	-9,921
TOTAL OTHER OPERATING INCOME AND EXPENSES	-15,683	-14,507

Pursuant to IAS 17, sale-and-leaseback transactions conducted before 1 January 2019, which involve selling an asset and immediately leasing it back, require the following additional treatment: the capital gain is recorded in deferred revenue to be allocated to future profit or loss, over the term of the lease.

The Company has not earned any capital gains on sale-and-leaseback transactions since 1 January 2019. Had this been the case, the capital gain would have been recognised for the period running from the end of the lease term until the end of the asset's useful life. The share of the capital gain relating to the lease term would have been staggered over the term period.

Other operating expenses/income are chiefly attributable to the cost of acquisitions and growth.

4.4. Working capital requirement

Change in working capital requirement

The working capital requirement consists of the following items:

<i>In thousands of euros</i>	31.12.2019	31.12.2018	Change on the balance sheet	Change in consolidation scope	Other non-cash flows	Change in WCR
Inventory	33,909	17,113	16,796	390		16,407
Trade receivables and related accounts	284,047	235,611	48,436	19,601	2,611	26,224
Other receivables and current assets	235,870	192,666	43,205	21,546	-103,118	124,777
Trade payables and related accounts	369,942	315,111	54,831	18,422	5,152	31,257
Other liabilities and accruals	733,205	635,523	97,683	43,759	-80,723	134,647
WORKING CAPITAL REQUIREMENT	549,320	505,244	44,077	20,645	24,935	-1,503

Current assets

a) Inventories

Inventories are measured at the lesser of cost or net realisable value. The cost of inventories of raw materials, goods and other supplies consists of the purchase price excluding taxes, less discounts, rebates

and other deductions obtained, plus incidental costs of purchase (transport, unloading charges, customs duties, purchasing commissions, etc.). These inventories are measured using the First In, First Out (FIFO) method.

Inventories were up €16.8 million at 31 December 2019. This increase chiefly stems from real-estate projects conducted by Ages & Vie in the amount of €15.7 million and day-to-day purchases for healthcare facilities for €1.1 million.

Trade and other receivables are recognised at their nominal value, namely the fair value on the date of initial recognition.

In accordance with IFRS 9, impairment losses on receivables are recognised as they arise. The amount

of provisions taken hinges both on the actual loss recognised in prior financial years and the risks assessments conducted on the receivables in each country in which the Group operates.

The impairment of trade receivables at 31 December 2019 breaks down as follows:

<i>In thousands of euros</i>	Receivables not due at 31.12.2019	From 0 to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 4 years	More than 4 years	Total due at 31.12.2019
Trade receivables	143,259	95,312	29,669	20,756	15,856	12,355	317,207
Impairment	-3,964	-3,924	-1,331	-5,730	-6,182	-12,029	-33,160
NET AMOUNT	139,295	91,388	28,338	15,026	9,674	326	284,047

The impairment of trade receivables at 31 December 2018 breaks down as follows:

<i>In thousands of euros</i>	Receivables not due at 31.12.2018	From 0 to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 4 years	More than 4 years	Total due at 31.12.2018
Trade receivables	126,422	82,345	17,805	15,458	12,345	11,497	265,873
Impairment	-234	-2,847	-1,908	-6,144	-8,370	-10,759	-30,261
NET AMOUNT	126,189	79,498	15,897	9,314	3,975	738	235,611

The change in receivables net of impairment is mainly attributable to changes in consolidation scope.

Transfer and use of financial assets

In Italy, factoring contracts are used to assign a portion of the receivables of certain subsidiaries to a group of financial institutions, involving the transfer of most of the risks and rewards attached to the receivables assigned (*pro soluto* factoring).

The analysis of the risks and rewards, as defined by IFRS 9, resulted in the derecognition by the Group of practically all of the receivables assigned under these factoring programmes.

Receivables assigned by the Italian subsidiaries are sold at their nominal value less an initial charge of between 0.3% and 0.6%, recorded in other expenses, to which interest at the EURIBOR rate plus a margin is added and recorded as a financial expense.

The total amount of receivables assigned and derecognised was €135,696 thousand in 2019. The disposal of these receivables resulted in a loss of €1,767 thousand in 2019.

Breakdown of receivables assigned (<i>pro soluto</i> factoring)	2019	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Receivables assigned	135,696	29,874	35,391	33,188	37,242
Receivables collected	136,321	28,232	36,374	33,122	38,594
Fees for management and recovery of assigned receivables	-669	-114	-280	-110	-164
Corresponding financial expense	-1,099	-178	-607	-125	-189
Gain/(Loss) on assignment	-1,767	-291	-887	-236	-354
NET CASH RECEIVED	134,554	27,940	35,487	32,886	38,240

b) Other receivables and current assets

Other receivables and current assets consist of the following:

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Tax receivables	90,559	61,881
Social security receivables	6,247	4,021
Advances and down payments	13,632	6,177
Prepaid expenses	38,897	33,221
Other debtors	85,120	86,208
VALUE OF OTHER RECEIVABLES	234,455	191,508

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Deposits and guarantees	1,393	1,131
Other financial assets	23	27
VALUE OF OTHER CURRENT FINANCIAL ASSETS	1,415	1,157
TOTAL OTHER CURRENT FINANCIAL ASSETS (NET)	235,870	192,666

"Other receivables" consists mainly of accrued income and other receivables. The change in tax receivables is mostly due to the increase in income tax receivables, for €15.8 million, and VAT, in the amount of €12.9 million.

c) Trade payables, other payables and accruals

Trade and other payables are recorded at historical cost (representing the amortised cost).

Trade payables and related accounts	31.12.2019	31.12.2018
Trade payables	369,942	315,111
TOTAL	369,942	315,111

Other liabilities and accruals	31.12.2019	31.12.2018
Residents' deposits	64,826	63,051
Suppliers of non-current assets	93,759	32,459
Advances and down payments on orders	28,542	26,067
Tax liabilities	123,859	60,777
Social security liabilities	261,706	244,313
Dividends payable	39	38
Other liabilities	116,720	148,722
Deferred income	43,754	60,097
TOTAL	733,205	635,523

At 31 December 2018, Other liabilities included €90.5 million in unfavourable contracts, which were valued when allocating the acquisition prices for the acquired entities. Following the implementation of IFRS 16, unfavourable leases are deducted from right-of-use assets (see Note 2).

At 31 December 2019, the "Suppliers of non-current assets" line includes earnouts relating to acquisitions and due before 31 December 2020.

Following the application of IFRIC 23, provisions for tax disputes were reclassified under tax liabilities in the amount of €31 million (see Note 10).

Note 5 • PERSONNEL EXPENSES

5.1. Personnel expenses

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Wages and salaries	1,455,351	1,272,913
Social security contributions	447,070	436,629
Employee profit sharing	11,352	11,217
Free shares granted	3,562	1,350
TOTAL	1,917,334	1,722,110

Accrued income of €32,300 thousand from the tax credit for competitiveness and employment (CICE) was recognised and deducted from personnel expenses in the accounts for the year ending 31 December 2018.

The government having ended the CICE scheme, no accrued income was recognised for the year ending 31 December 2019.

5.2. Employee benefits

Employee benefits are recognised in accordance with IAS 19. They consist of post-employment benefits (lump-sum retirement benefits) and long-term benefits, such as work anniversary bonuses and long-service awards.

The Group's obligation in respect of defined benefit plans is limited to the contributions it pays into the plan. These contributions are expensed in the period in which they are incurred. Where applicable, a provision is recorded for contributions that remain to be paid for the period.

In the case of a defined benefit plan (post-employment benefits and other long-term benefits), the Group makes a provision on the balance sheet that represents its obligation at the date the financial statements were issued. This applies to retirement severance payments in France (IDR) and Italy (TFR).

With the exception of the discount rate, the actuarial assumptions (i.e. employee turnover, mortality, wage increases, and retirement age) vary in accordance with the demographic and economic conditions of the country in which the benefits plan is established.

Since the countries in which the Group operates are all in the euro zone, the Group uses a single discount rate at each balance sheet date. It is based on the rate paid by AA-rated corporate bonds with a maturity of at least 10 years (source: iBoxx index).

In France

a) Lump-sum retirement benefits

Lump-sum retirement benefits are defined as post-employment benefits and are subject to the national collective bargaining agreement for the private hospital sector. When employees retire, the Company pays them a lump-sum benefit, the amount of which depends on their final salary and the number of years they have worked for that Company at that date.

b) Long-service awards and bonuses

In some cases, the collective bargaining agreements of the Group's French companies may provide for the payment of a bonus when a long-service award is

granted or simply the payment of a long-service bonus. These benefits are treated as long-term benefits under IAS 19.

Some of Korian group's facilities in France grant work anniversary bonuses to employees when they reach a certain number of years' service. Korian has five work anniversary bonus schemes. Establishments running work anniversary bonus schemes are not eligible for the long-serve awards mentioned above.

When the French state issues an employee with an award for longstanding service, certain Korian facilities will pay that employee a bonus upon request. The scale applied depends on the same variables applied to long-service bonuses.

c) Supplementary pension plans

The Group has not granted employees any supplementary pension plans in addition to the minimum statutory pension.

In Germany

Company collective bargaining agreements provide for the granting of long-service bonuses. These benefits are treated as long-term benefits under IAS 19.

In Belgium

The Group does not have any material retirement commitments under Belgian law.

In Italy

The TFR (*Trattamento di Fine Rapporto*) plan is a defined benefits plan that is subject to Article 2120 of the Italian Civil Code. Under this plan, each period of work entitles the employee to a payment that is not paid directly to the employee except under certain circumstances (when leaving the Company, upon death or when making certain property investments). In some cases, the TFR plan may be outsourced to a third party (under a defined contributions plan) or is borne directly by the employer (under a defined post-employment benefits plan).

<i>In thousands of euros</i>	Lump-sum retirement benefits	Work anniversary bonus	Long-service awards	Total France	TFR Italy	Total Germany	Total Benelux	Total
1. Change in provision for 2019								
Provision at 31 December 2018	49,300	1,717	462	51,479	13,355	5,935	0	70,769
Interest expense	708	28	6	742	213	37	0	992
Cost of services	6,360	218	66	6,644	486	2,130	0	9,260
Curtailment gain	-2,268	0	0	-2,268	0	0	0	-2,268
Benefits paid incl. social security charges	-1,989	-117	-77	-2,182	-656	-1,728	0	-4,567
Change in consolidation scope excl. benefits paid	2,811	129	-5	2,936	42	439	0	3,416
Actuarial gains/(losses) on long-term benefit schemes	0	37	65	102	0	0	0	102
Expense – 2019	2,811	166	60	3,038	42	439	0	3,518
Actuarial gains/(losses) OCI	5,700	0	0	5,700	1,183	90	599	7,571
First-time consolidations	1,392	0	0	1,391	2,205	0	0	3,596
Provision at 31 December 2019	59,202	1,883	522	61,607	16,784	6,464	599	85,454
2. Sensitivity to discount rate								
Effect of an increase in the discount rate of +0.5%	56,443	1,818	513	58,774	13,760	6,140	569	79,243
Effect of a decrease in the discount rate of -0.5%	63,473	1,953	543	65,969	15,595	6,787	629	88,979

		Lump-sum retirement benefits – France	Long-service awards & bonuses – France	TFR – Italy	Long-service bonuses & pensions – Germany
Main assumptions					
Discount rate		0.63%	0.63%	0.63%	0.63%
Salary growth rate		2.00%	N/A	2.00%	0.00%
Mortality table		TGHF05	TGHF05	ISTAT 2013	Heubeck 2018
Retirement age of “cadres”	<ul style="list-style-type: none"> • Born in 1950 and before • Born between 1951 and 1952 • Born in 1953 and after 	63.0 64.0 64.0	63.0 64.0 64.0	66.7 66.7 66.7	65.0 65.0 65.0
Retirement age of “non-cadres”	<ul style="list-style-type: none"> • Born in 1950 and before • Born between 1951 and 1952 • Born in 1953 and after 	60.0 61.0 62.0	60.0 61.0 62.0	66.7 66.7 66.7	65.0 65.0 65.0
Type of retirement		voluntary	voluntary	voluntary	voluntary

5.3. Share-based payment

Pursuant to IFRS 2, share-based transactions, such as free share allocation plans and performance units granted to employees and corporate officers are deemed to be benefits that must be recognised as expenses in the income statement over the vesting period.

The Korian group has implemented two such payment plans:

- performance units settled either in cash or equity as per IFRS 2 (plan maturing during the 2019 financial year);
- free shares, considered as equity-settled shares within the meaning of IFRS 2;
- Equity-settled plans, in which payment is made in Korian shares and the related recognised expenses

are offset by an increase in equity. The fair value per unit of the instruments granted under such plans is calculated on the basis of Korian's share price on the day of allocation less the dividends expected over the vesting period. The number of equity instruments granted may be reviewed over the vesting period in the event that “non-market” performance conditions are not expected to be met or according to the beneficiary turnover rate;

- Cash Settled plans, in which payment is to be settled in cash and where the recognised expenses are offset by the recognition of a liability for an equivalent amount. These plans are revalued at fair value at each accounts closing date.

<i>In millions of euros</i>	2016 Performance units plan	2017 Free share plan	2018 Free share plan	2019 Free share plan	Total
A. Plan characteristics					
Allocation conditions	Free	Free	Free	Free	
Continued employment conditions	Yes	Yes	Yes	Yes	
Performance conditions	Yes	Yes	Yes	Yes	
Vesting date	30 June 2019	04 August 2020	30 June 2021	06 June 2022	
Number of outstanding units	108,990	284,413	103,477	140,000	636,880
Accounting expense for 2016 excluding social security charges	261	N/A	N/A	N/A	261
Accounting expense for 2017 excluding social security charges	511	759	N/A	N/A	1,270
Accounting expense for 2018 excluding social security charges	677	961	198	N/A	1,836
Accounting expense for 2019 excluding social security charges	478	1,898	438	164	2,978
B. Change in number of outstanding units					
Number of units initially allocated	146,358	340,615	126,017	150,500	763,490
Number of units cancelled in 2016	7,785	0	0	0	7,785
Number of units cancelled in 2017	6,228	6,520	0	0	12,748
Number of units cancelled in 2018		37,482	4,180	0	65,017
Number of units cancelled in 2019	0	12,200	18,360	10,500	41,060
NUMBER OF OUTSTANDING UNITS	108,990	284,413	103,477	140,000	636,880
Number of units vested	51,589	0	0	0	0
C. IFRS 2 measurement					
Share price on the grant date	31.70	31.60	27.12	33.7	
Expected volatility	29.80%	28.78%	30.34%	27.50%	
Annual dividend	0.6	0.6	0.6	0.6	
Risk-free interest rate	-0.60%	-0.47%	-0.60%	-0.80%	
IFRS 2 FAIR VALUE OF PLAN EXCLUDING SOCIAL SECURITY CHARGES	1,927	4,470	1,278	959	8,634
<i>Equity settled component</i>	<i>1,031</i>	<i>4,470</i>	<i>1,278</i>	<i>959</i>	<i>7,738</i>
<i>Cash settled component</i>	<i>896</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>896</i>

The fair value of options and rights was determined by an external expert using valuation models taking into account the plan's characteristics, observed market data on the allocation date and assumptions selected by the Group's management.

2016 Performance units plan ending 30 June 2019

On 14 September 2016, the Board of Directors approved a long-term variable compensation plan for certain members of General Management, including the Chief Executive Officer, to reward them for achieving the objectives of the five-year strategic plan.

This performance units plan grants the right to one Korian share (or its equivalent value in cash) during the vesting period running from 14 September 2016 until 30 June 2019 (the "Vesting Date")

At 31 December 2018, there were 108,990 free shares available under this plan (assuming all shares were converted) and at 30 June 2019 (the Vesting Date) a total of 51,589 shares were granted (50% in equity and 50% in cash). Pursuant to IFRS standards, the cost of the 2016 performance units plan is €1,927 thousand (excluding social security charges) at 31 December 2019.

The 2017 Free shares plan

As indicated in the summary table above, the free shares granted to certain members of General Management and corporate officers are contingent on the fulfilment of performance conditions:

- 2017 plan: based on the revenue and EBITDA per share generated in 2019 relative to the objectives set out in Korian's 2020 plan, and Korian's share price relative to the performance of the SBF 120 index over the vesting period;

- 2018 plan: based on the revenue and EBITDA per share generated in 2020 and Korian's share price relative to the performance of the SBF 120 index over the vesting period;
- 2019 plan: based on the revenue and EBITDA per share generated in 2021 and Korian's share price relative to the performance of the SBF 120 index over the vesting period.

Once vested, the shares may be freely disposed of, except by corporate officers of Korian SA, which will have an obligation to hold at least 25% of these shares.

Note 6 • GOODWILL, INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

6.1. Goodwill

In accordance with IFRS 3, business combinations are subject to the following accounting rules, as of the acquisition date:

- the identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date;
- non-controlling interests in the acquired business are measured either at fair value (*i.e.* with goodwill allocated to the non-controlling interests: the "full goodwill method") or at the proportionate share of the fair value of the net identifiable assets of the acquired entity (*i.e.* with no goodwill allocated to non-controlling interests: the "partial goodwill method"). This option is available on a case-by-case basis for each business combination;
- acquisition costs are expensed when incurred and are recorded in the consolidated income statement under "Gain/(Loss) on acquisitions and disposals of consolidated entities";
- earn-out payments on business combinations are recognised at fair value at the acquisition date. After the acquisition date, contingent consideration is recognised at fair value at each balance sheet date. After a period of one year following the acquisition date, any change in fair value is recognised in income. Within this one-year period, any changes in fair value explicitly linked to events subsequent to the acquisition date are also recognised in income. Other changes are charged to goodwill.

At the acquisition date, goodwill is the difference between:

- the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, where a business combination is conducted in several steps, the fair value at the acquisition date of the acquirer's previously held equity interest in the acquiree, which is revalued through income; and
- the net balance of identifiable assets acquired and liabilities assumed at the acquisition date, measured at fair value.

Goodwill is not amortised. In accordance with IAS 36 "Impairment of Assets", goodwill is tested for impairment at least annually and more frequently if there is evidence of impairment. Testing procedures are described in Note 6.5 "Impairment of intangible assets, plant, property and equipment, and goodwill".

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Gross goodwill at start of period	2,311,822	2,218,729
Changes in scope	228,073	42,001
Definitive allocation of goodwill	-35,741	50,856
Contingent consideration	-	236
Gross goodwill at end of period	2,504,154	2,311,822
Impairment at the start of the period	-	-
Impairment during the period	-	-
Impairment at the end of period	-	-
Net goodwill at start of period	2,311,822	2,218,729
NET GOODWILL AT END OF PERIOD	2,504,154	2,311,822

Changes in goodwill

Changes in goodwill over the fiscal year ending 31 December 2019:

<i>In thousands of euros</i>	Group	France	Germany	Benelux	Italy
Net goodwill at start of period	2,311,822	1,209,681	671,700	221,552	208,889
Changes in scope	228,073	140,818	16,768	32,072	38,416
Definitive allocation of goodwill	-35,741	-	-	-36,458	717
Contingent consideration	-	-	-	-	-
NET GOODWILL AT END OF PERIOD	2,504,154	1,350,499	688,468	217,165	248,022

The allocation of goodwill primarily corresponds to the recognition of the following assets: licences, property complexes and leases.

In France: impact of the temporary allocation of the purchase prices of the groups Omega, Petit-fils, Les Acacias (in Gan and Briançon), and Mariënia.

In the Benelux region, the change in goodwill is chiefly attributable to the final allocation of the September 2018 acquisition of a final portfolio of 21 facilities from Senior Assist and the allocation of provisional goodwill on the acquisition of Stepping Stones in the Netherlands.

In Italy, the change reflects the final allocation of the acquisition price of San Giuseppe (€0.7 million) and the allocation of provisional goodwill on the acquisition of Sanem in the Rome region.

In Germany, the change is attributable to the allocation of provisional goodwill on the acquisition of Schauinsland.

In Spain, the change is attributable to the allocation of provisional goodwill on the acquisition of Seniors and of Grupo 5's nursing homes.

6.2. Intangible assets

In accordance with IFRS 3, the identifiable assets acquired and liabilities assumed in obtaining control of a subsidiary are measured at their fair value on the acquisition date.

Measurement of intangible assets

Intangible assets in respect of operating licences acquired through business combinations are measured at fair value at the acquisition date, using a multi-criteria approach taking into account the characteristics of the facility, such as a revenue multiple, and the cash flow arising from the acquisition business plan.

In France, although licences are granted for a period of 15 years and tripartite agreements are signed for a period of five years, these are considered as indefinite term "licences" and are not subject to amortisation in the consolidated financial statements. This market position in the sector stems from the fact that operating licences can only effectively be withdrawn if the Group fails to comply with the conditions imposed by regulators for the operation of this type of facility, including compliance with minimum standards of care, which is verified through compliance inspections.

Germany does not have a system of administrative licences for the operation of facilities, which are essentially subject to technical standards. As such, operating rights do not meet the definition of an identifiable intangible asset and are not therefore recognised as such, being included in goodwill.

In Belgium, regulations enforced at regional level represent a substantial barrier to entry in long-term care nursing home market. An operating licence must be granted and accommodation rates are controlled. Accordingly, such licences were recognised in intangible assets.

In Italy, national regulations impose minimum structural requirements. Each region transposes these regulations into local rules. Italian facilities undergo inspections by the supervisory authorities under agreements entered into with such authorities.

Spain does not have a system of administrative licences for the operation of facilities, which are essentially subject to technical standards. As such, operating rights do not meet the definition of an identifiable intangible asset. However, facilities are permitted to operate concerted (i.e. publicly funded) beds through regional funding schemes. In this specific case, a licence is recognised under intangible assets and subsequently amortised for the duration of the concession granted by the regional authorities.

In the Netherlands, operating licences are required but are not particularly difficult to obtain. However, once a facility has been opened, insurance policies can be taken out (under the VPT care provision scheme) with insurance companies, thereby enabling facilities to charge higher rates and facilitate access for residents. The value of policies in place at the acquisition date were therefore measured and recognised in intangible assets.

<i>In thousands of euros</i>	Licences	Other	Total
Gross value at the start of the period	1,730,235	262,808	1,993,043
Changes in scope	119,705	3,585	123,290
Disposals	-3,164	-2,786	-5,950
Acquisitions		46,120	46,120
Transfers		-3,683	-3,683
Reclassification of favourable leases to rights of use		-99,237	-99,237
Gross amount at the end of the period	1,846,776	206,808	2,053,585
Amortisation, depreciation and impairment at the start of the period	10,872	159,352	170,224
Changes in scope		-9,473	-9,473
Disposals		-2,479	-2,479
Amortisation, depreciation and impairment	-1,555	12,306	10,751
Transfers		-4,350	-4,350
Reclassification of favourable leases to rights of use		-54,948	-54,948
Total amortisation, depreciation and impairment at the end of the period	9,317	100,408	
Net accounting value at the start of the period	1,719,363	103,456	1,822,819
NET ACCOUNTING VALUE AT THE END OF THE PERIOD	1,837,460	106,401	1,943,860

The valuations of licences are shown in the following table:

<i>In thousands of euros</i>	France ⁽¹⁾	Benelux ⁽²⁾	Italy	Total
Gross value at the start of the period	1,280,292	203,774	246,170	1,730,235
Impairment	10,872			10,872
Net accounting value at the start of the period	1,269,420	203,774	246,170	1,719,363
Gross amount at the end of the period	1,356,705	221,567	268,503	1,846,776
Impairment	9,317			9,317
NET ACCOUNTING VALUE AT THE END OF THE PERIOD	1,347,389	221,567	268,503	1,837,460

(1) Including €25.6 million in licences in Spain at the end of the period.

(2) Including €4.0 million in licences in the Netherlands at the end of the period.

No single licence represents a significant amount for the Group.

Impairment tests on licences resulted in the recording of a net reversal of €1,555 thousand at year end, for a very small number of facilities.

Impairment tests were performed using the method described in Note 6.5 "Impairment of intangible assets, plant, property and equipment, and goodwill".

6.3. Property, plant & equipment

Property, plant and equipment are initially measured at acquisition cost less any investment subsidies. Property, plant and equipment acquired as part of a business combination are measured at fair value at the acquisition date.

The main components of a non-current asset that has a useful life that is shorter than that of the asset itself must be identified so that it may be depreciated over its specific useful life.

At each balance sheet date, the purchase cost is reduced by the accumulated depreciation and any provisions for impairment that may have been recorded using the method described in Note 6.5 "Impairment of property, plant and equipment, intangible assets and goodwill".

Leases

Prior to 1 January 2019, the Group applied IAS 17, which classified leases as follows:

- finance leases, which were recognised on the balance sheet at the lesser of the fair value of the

leased asset and the discounted value of the minimum lease payments. The corresponding liability was recorded in financial liabilities;

- operating leases where the lessor retained most of the risks and rewards of owning the assets. Payments made in respect of operating leases were expensed on a straight-line basis over the term of the lease.

As of 1 January 2019, the Group applied IFRS 16 (see Note 2), resulting in:

- the recognition of rights of use (operating leases under IAS 17) and lease liabilities;
- the reclassification of assets and liabilities recognised in respect of existing finance leases;
- the reclassification of lease incentives as a reduction in rights of use.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated on a straight-line basis over the useful lives set out below.

Class	Useful life	Method
Structure	60 years	Straight line
Construction components	From 7 to 30 years	Straight line
Technical facilities	From 5 to 15 years	Straight line
Other improvements, fixtures and fittings	From 3 to 5 years	Straight line
Medical equipment	From 2 to 10 years	Straight line
Equipment and furniture	From 2 to 10 years	Straight line
Software	From 1 to 7 years	Straight line
Transport equipment	5 years	Straight line

<i>In thousands of euros</i>	Land	Buildings	Plant and machinery	Other	In construction and advance payments	Total
Gross value at the start of the period	220,000	2,336,877	419,917	565,403	128,614	3,670,810
Changes in scope	8,111	203,933	28,627	11,289	6,361	258,321
Disposals	-6,996	-50,652	-3,043	-3,928	-321	-64,940
Acquisitions	11,127	72,540	30,161	32,759	175,011	321,598
Transfers	14,488	-758,402	7,541	10,506	-112,853	-838,720
Assets held for sale						
GROSS AMOUNT AT THE END OF THE PERIOD	246,730	1,804,296	483,202	616,028	196,813	3,347,069
Total amortisation at the start of the period	2,472	706,070	323,541	340,498	5,798	1,378,379
Changes in scope		32,069	21,310	6,689		60,068
Allowances		101,341	30,314	35,149		166,804
Disposals		-30,403	-2,469	-2,974	-1,919	-37,765
Other	-1,780	-238,450	-3,058	-8,643		-251,930
Assets held for sale						
TOTAL AMORTISATION AT THE END OF THE PERIOD	692	570,626	369,639	370,720	3,878	1,315,556
Net accounting value at the start of the period	217,528	1,630,807	96,375	224,905	122,816	2,292,431
NET ACCOUNTING VALUE AT THE END OF THE PERIOD	246,038	1,233,670	113,563	245,309	192,934	2,031,514

Borrowing costs

Pursuant to IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (particularly constructions) are included in the cost of that asset.

The capitalised borrowing rate corresponds to the average cost of the Group's debt after hedging.

Borrowing costs for 2019 totalled €1,533 thousand. In 2018, they came to €792 thousand.

6.4. Change in cash flows from acquisitions of property, plant and equipment

Cash flows arising from purchases of property, plant and equipment and intangible assets break down as follows:

	31.12.2019	31.12.2018
Acquisitions of intangible assets	-46,120	-24,228
Change in debt on acquisitions of intangible assets	-5,846	599
Acquisitions of property, plant and equipment	-297,778	-229,263
Neutralisation of IAS 17 impact	-	1,510
Change in debt on acquisitions of PPE	39,139	-13,215
PAYMENT FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	-310,605	-264,596

6.5. Impairment of intangible assets, plant, property and equipment, and goodwill

The book values of assets are reviewed periodically:

- for non-amortisable intangible non-current assets (operating licences) and goodwill: at each balance sheet date, or more frequently if there are signs of impairment;
- for all other assets: as soon as signs of impairment are observed.

Two types of impairment indicators may trigger impairment testing:

- external indicators (e.g. market value and significant changes in the business environment);
- internal indicators (e.g. a decrease in the occupancy rate, a change in regulations, asset obsolescence, weaker-than-expected performance, etc.).

Depending on the type of asset, impairment testing is performed either on cash-generating units (CGU) or on a group of CGU (goodwill).

A CGU is a uniform group of assets that generates cash more or less independently of other CGU.

The recoverable amount of a CGU is the greater of the fair value less exit costs and the value in use. The fair value of a CGU is measured using observed recent market data.

The value in use applied by the Group is the value of the future economic benefits expected from the use and disposal of the CGU. This is calculated on the basis of future cash flows, as based on the economic assumptions and estimated operating conditions applied by Group management, according to the following principles:

- pre-tax cash flows are based on Group's revised budget for the current year, as prepared by the

Group Financial Control department and approved by the Board of Directors;

- the discount rate is determined from the Group's weighted average cost of capital;
- the average discount rates are 6.0% for France, 5.5% for Germany, 6.0% for Belgium and 6.5% for Italy;
- the average growth rate used is 1.75%;
- the business plan applied is the Group strategic plan.

First-level impairment testing

Intangible assets and property, plant and equipment are tested for impairment at the CGU to which they are allocated. Prior to 31 December 2017, CGU were considered to be nursing homes or clinics.

Since end 2017, and as a result of changes in its market and business sectors, the Group has changed its organisation and the way in which it manages and steers its operations, such that it notably takes account of the interdependence of cash flows between facilities and the potential to exploit licences at provincial or regional level, in connection with French Regional Health Authorities (ARS). Accordingly, the Group chose to group the CGU, for each type of business activity (care home or clinic), by territorial area: with one CGU per province in France, and one per region in Italy and Belgium.

The purpose of first-level testing is to check that the recoverable value of the CGU (which is the greatest of its useful value and its fair value) is at least equal to its net accounting value.

Over the period, the first-level impairment tests resulted in a provision reversal of €1,555 thousand.

Second-level impairment testing

The second-level of impairment testing, which includes goodwill, is conducted on a group of CGUs on a country basis. The purpose of second-level testing is to check that the recoverable amount of each segment is at least equal to the Group's consolidated net assets (including goodwill) for that segment.

If any impairment is identified, it is first applied to goodwill (as this impairment is irreversible) and if goodwill is insufficient, then to the value of the licences and property, plant and equipment.

No need to impair goodwill was identified.

At a perpetuity growth rate of 1.5% and a discount rate of 6.0% for the French CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

At a perpetuity growth rate of 1.5% and a discount rate of 5.5% for the German CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

At a perpetuity growth rate of 1.5% and a discount rate of 6.0% for the Belgian CGU, the recoverable value of the

assets tested exceeds the net accounting value and no impairment is necessary.

At a perpetuity growth rate of 1.5% and a discount rate of 6.5% for the Italian CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

The countries entered in 2019, in particular Spain and the Netherlands, will be subject to impairment testing in 2020 once the purchase price allocation window has closed. No signs of impairment were identified at 31 December 2019.

Note 7 • EQUITY

There are no rights, privileges or restrictions attached to the shares comprising the share capital. Nor are any shares reserved for issue under options or contracts for the sale of shares.

At 31 December 2019, the Group had registered capital of € 413,641,350, consisting of 82,728,270 fully paid-up shares, all of the same class, with a par value of €5 each. Following shareholder approval at the 2019 General Meeting, the Company distributed a dividend of €0.60 per share, with the option to receive payment in shares (based on a share price of €32.93). The dividend pay-out for the financial year amounted to €49.2 million, of which 50% in shares.

Hybrid bonds

On 28 June 2017, the Group issued undated non-subordinated bonds with a redemption option in cash and/or in new and/or existing shares (ODIRNANE bonds) with cancellation of the shareholders' preferential subscription right, in the nominal amount of €240 million. These bonds have the following characteristics:

- a conversion premium of 35% which corresponds to a nominal share price of €40.21;

- a fixed annual nominal rate of 2.50% that is paid semi-annually, starting on 1 January 2018 and running until 31 December 2022;
- bond-holders may convert their bonds until 1 January 2023. In the event of conversion, they will receive either cash, shares or a combination of these, at Korian's discretion;
- as of 1 January 2023, these bonds will bear interest at the 6-month EURIBOR plus 900 basis points: Korian may suspend interest payments if a dividend has not been paid over the past 12 months.

In addition, on 17 September 2017, the Group issued €60 million in unlisted hybrid perpetual bonds for a single private investor. This bond carries no right to acquire Korian's share capital. The €60 million unlisted hybrid perpetual bond issue was redeemed on 19 November 2018 and subsequently replaced by another issue, which was identical both in amount and nature.

In accordance with IAS 32, these hybrid financial instruments were recognised as equity instruments, net of interest and issue costs, amounting to €298.4 million at 31 December 2019 (vs. €297.8 million on 31 December 2018).

Note 8 • EARNINGS PER SHARE

Net earnings per share are calculated by dividing the Group's consolidated net income by the weighted average number of shares outstanding during the period.

Diluted net earnings per share are calculated on the assumption that all outstanding dilutive options are exercised using the "treasury stock method" defined in IAS 33 "Earnings per Share".

	31.12.2019	31.12.2018
Net profit/(loss) attributable to owners of the Group (in thousands of euros)	114,681	123,133
Weighted average number of shares (in thousands)	82,358	82,358
EARNINGS PER SHARE	1.39	1.50
Net profit/(loss) attributable to the Group's owners (in thousands of euros)	114,681	123,133
Weighted average number of shares (in thousands)	82,358	82,358
Average number of shares in relation to stock options and free share adjustments	498	498
Average number of shares in relation to hybrid bond adjustments	6,094	6,094
Average number of shares used for calculation of diluted earnings per share	88,950	88,950
DILUTED EARNINGS PER SHARE (IN EUROS)	1.29	1.38

Note 9 • FUNDING AND FINANCIAL INSTRUMENTS**9.1. Net financial result**

Net financial income consists of net borrowing costs and other financial income items.

Net borrowing costs correspond to interest expense on bank loans and bonds and the costs of hedging.

Other items of financial income primarily include the amortisation of capitalised issue expenses, amortisation

in connection with the renegotiation and restructuring of debt and hedging instruments, bank fees and charges paid (including factoring expenses), the financial cost of employee benefits and financial expenses related to the recognition of rights of use in respect of leases (application of IFRS 16).

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Cost of gross debt	-99,445	-100,063
Cost of hedging	-5,849	-5,952
Income from cash & cash equivalents	6	21
Cost of net debt	-105,288	-105,995
Bank fees and commissions	-6,346	-7,230
Impact of restructuring and hedging	-194	-236
Capitalised financial expenses – borrowing costs and issue premiums	-596	-4,857
Financial expense of lease liabilities	-64,627	0
Other financial expenses	-8,076	-6,279
Other financial income	2,068	2,973
Other items of financial income	-77,772	-15,629
NET FINANCIAL INCOME	-183,060	-121,623

Sensitivity analysis of financial expenses

When hedging instruments are taken into account, financial expenses at the balance sheet date would increase by the following amounts in response to a 0.5% change in market interest rates over one year:

- a 0.5% increase (50 basis points) would increase the Group's financial expense by €0.5 million;

- a 0.5% decrease (50 basis points) would increase the Group's financial expense by €0.8 million.

9.2. Net financial debt

Net financial debt consists of gross borrowings less liquid financial assets (marketable securities and cash).

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Borrowings from credit institutions and financial markets	1,665,731	1,724,166
Real estate debt (excl. IFRS 16)	1,062,303	1,516,515
<i>incl. IAS 17 debt</i>	0	674,880
<i>o/w real estate debt in respect of financial counterparties</i>	1,062,303	841,636
Other financial liabilities	125,868	25,606
Bank overdrafts	7,583	7,757
Borrowings and financial debt (A)	2,861,485	3,274,044
Marketable securities	55,100	92,951
Cash	289,686	457,410
Cash (B)	344,786	550,361
NET DEBT (A)-(B)	2,516,700	2,723,683

Change in Group net debt at 31 December 2019

On 31 December 2019, net debt was €2,517 million, which is €207 million less than on 31 December 2018. Net financial debt, excluding real estate debt, was €1,454 million, compared with €1,207 million on 31 December 2018.

The decline in real estate debt to €1,062 million (from €1,517 million at 31 December 2018) stems from the application of IFRS 16 for €675 million. Adjusting for this effect, real estate debt increased by €221 million as a result of higher rate of ownership of real estate assets, consistent with the Group's strategy.

During the year, Korian renegotiated the terms of the syndicated loan agreement it had initially signed on 21 July 2016. It now comprises the following two tranches maturing on 31 May 2024.

At 31 December 2019, the Group's gross borrowings consisted of:

- a fully drawn €500 million term tranche;
- a revolving credit tranche of €500 million, for the Group's general funding purposes;
- bonds placed with private investors and borrowings from credit institutions in the amount of €1,058 million, of which €3 million in NEU CP;
- outstanding bank overdrafts in the amount of €8 million;
- €1,062 million in real estate debt. These borrowings primarily consists of:
 - debts with financial counterparties, including €334 million in leases,
 - €728 million in real estate backed loans, of which €213 million in NEU CP secured by real estate as bridge financing.

The Group had €345 million in net cash at the end of the year, excluding outstanding bank overdrafts.

Change in borrowings⁽¹⁾

<i>In thousands of euros</i>	31.12.2018	New borrowings	Repayments	Changes in scope	Other	31.12.2019	Current	Non-current
Borrowings	3,240,681	331,124	-264,237	73,836	-653,370	2,728,034	214,266	2,513,768
Employee profit sharing	40					40		40
Loans and other borrowings	25,566	411,692	-315,893	7,732	-3,269	125,828	123,756	2,072
BORROWINGS AND FINANCIAL DEBT	3,266,286	742,816	-580,130	81,568	-656,639	2,853,902	338,022	2,515,880

<i>In thousands of euros</i>	New borrowings in 2019	Cash	Non-cash	Repayments in 2019	Cash	Non-cash
Borrowings	331,124	331,124		-264,237	-264,253	16
Loans and other borrowings	411,692	257,436	154,256	-315,893	-146,935	-168,957
TOTAL BORROWINGS AND FINANCIAL DEBT	742,816	588,560	154,256	-580,130	-411,188	-168,941

Breakdown of financial debt by interest rate category

<i>In thousands of euros</i>		31.12.2019	31.12.2018
Fixed rate	47%	1,333,165	1,935,511
Variable rate	53%	1,528,320	1,338,533
TOTAL		2,861,485	3,274,044

At 31 December 2019, the share of variable-rate borrowings in Group financial debt was 53%. The Group has financial instruments to hedge against fluctuations in interest rates. It uses standard derivative instruments (interest rate swaps, caps, floors, etc.).

Including financial instruments classified as cash flow hedges, 80% of variable-rate borrowings were hedged at 31 December 2019.

Debt secured by guarantees such as collateral, a mortgage or lease accounted for 18% of gross borrowings.

Management of interest rate risk

The Group uses derivative financial instruments (swaps and caps) to hedge against the interest rate risk arising from its variable-rate financing policy. The Group applies cash flow hedge accounting principles when the IFRS 9 hedging criteria are met.

The market value of instruments that were purchased to hedge interest rate risk at 31 December 2019 is -€26.3 million, after adjustment for counterparty default risk.

The sensitivity of the market value of derivatives to a change in market interest rates, before adjustment for counterparty default risk, was as follows at the balance sheet date:

- the effect of a 0.5% (50 basis points) increase in interest rates would raise the market value to +€5.6 million;
- the effect of a 0.5% (50 basis points) decrease in interest rates would lower the market value to -€43.1 million.

The table below shows the items of income, expenses, gains and losses recognised in profit or loss and in equity before deferred taxes in 2019 for each category of financial instrument.

(1) Excluding current bank overdrafts, in the amount of €7,583 thousand.

<i>In thousands of euros</i>	Impact on equity	Impact of hedging on profit or loss	Impact of undocumented items on profit or loss	Impact of counterparty default risk
Financial instruments eligible for hedge accounting	-11,384	-447		
Financial instruments ineligible for hedge accounting			-82	
TOTAL	-11,384	-448	-82	479

Assets	31.12.2018	Newly consolidated companies	Deconsolidated companies	Change	31.12.2019
Interest rate swaps					
Options	3,387			1,343	4,730
Total hedging instruments – Assets	3,387			1,343	4,730
Interest rate swaps					
Options					
Total ineligible financial instruments – Assets					
Total impact of counterparty default risk – Credit Value Adjustment	-174			64	-110
TOTAL FINANCIAL INSTRUMENTS – ASSETS	3,213			1,406	4,619

Liabilities	31.12.2018	Newly consolidated companies	Deconsolidated companies	Change	31.12.2019
Interest rate swaps	14,424			12,631	27,055
Options	1,518	39		543	2,100
Total hedging instruments – Liabilities	15,942	39		13,174	29,155
Interest rate swaps	730			206	936
Options	125			-125	-
Total ineligible financial instruments – Liabilities	855			81	936
Total impact of counterparty default risk – Debit Value Adjustment	-660			-415	-1,075
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES	16,137	39		12,840	29,016
NET TOTAL	12,924	39		11,433	24,396

Breakdown of financial debt by maturity

<i>In thousands of euros</i>	31.12.2019	31.12.2018
<1 year	453,481	419,282
Short-term financial liabilities	453,481	419,282
1 to 5 years	1,861,588	1,837,451
>5 years	546,416	1,017,311
Non-current financial liabilities	2,408,004	2,854,762
TOTAL	2,861,485	3,274,044

Bank covenants at 31 December 2019

The Group's syndicated loan and the *Schuldschein* and Euro PP bonds are subject to banking covenants. Banks and bondholders are informed of changes in the covenant criteria respectively semi-annually and annually.

	Korian ratio	Maximum/minimum ratio authorised at 31 December
Adjusted leverage ratio (syndicated loan)	3.1×	<4.5×
Leverage ratio (EuroPP and SSD)	2.7×	>1.5×

Counterparty risk

With regard to its financial activities (particularly cash flow management and derivative instruments used to hedge interest rate risk), the Group has risk management procedures in place and ensures it works with front-ranking financial institutions.

Currency risk

The Group is not exposed to currency risk as all of its subsidiaries are located in the eurozone and all transactions are conducted in euros.

9.3. Financial assets

Financial assets consist of:

- non-current financial assets: investments in unconsolidated companies, related receivables, guarantees and security deposits granted;
- current financial assets, which include short-term financial derivative instruments and cash and cash equivalents (marketable securities).

In accordance with IFRS 9, financial assets are classified in one of the following three categories:

- financial assets recognised at amortised cost;
- assets recognised at fair value in other comprehensive income;
- financial assets recognised at fair value in income.

Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash at bank and in hand) and short-term, highly liquid investments that are readily convertible into known amounts of cash and are exposed to an immaterial risk of change in value (short-term deposits with an initial term of less than three months and euro-denominated money market funds classified in the AMF's "short-term money market fund" category).

The accounting value of financial assets is considered to be their fair value.

9.4. Cash and cash equivalents

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Marketable securities	55,100	92,951
Cash and cash equivalents	289,686	457,410
TOTAL	344,786	550,361

Marketable securities comprise term deposits or euro-denominated open-ended investment funds with variable capital (SICAV) classified in the AMF's "short-term money market fund" category. Pursuant to IAS 7, they are highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

9.5. Fair value of financial liabilities

This table presents a breakdown of financial instruments recognised at fair value by measurement method. The different levels of fair value are defined as follows:

- level 1: prices are quoted on an active market;
- level 2: observable data other than quoted prices on an active market (financial models);
- level 3: unobservable data.

<i>In thousands of euros</i>	2019	Financial liabilities at fair value				Financial liabilities recognised at fair value in other comprehensive income	Fair value measurement			
		Financial liabilities at amortised cost	through P&L		Impact of counterparty default risk – Debit Value Adjustment		Cash flow hedging derivatives	Level 1	Level 2	Level 3
			Fair-value hedging instruments	Derivatives ineligible for hedge accounting				Active markets	Observable data	Non-observable data
Non-current liabilities										
Loans from credit institutions	1,343,589	1,343,589								
Funding of real estate debt	1,062,303	1,062,303								
Employee profit sharing	40	40								
Other financial liabilities	2,072	2,072								
Borrowings and financial debt	2,408,004	2,408,004								
Commitment to buy out non-controlling interests	16,202	16,202								
Other non-current debt	22,342	22,342								
Current liabilities										
Loans from credit institutions	214,266	214,266								
Funding of real estate debt	-	-								
Bank overdrafts	7,583	7,583								
Other financial liabilities	231,632	231,632								
Derivative instruments – liabilities	29,016		936	-1,075	29,155		29,016			

The accounting value of financial liabilities (excluding derivatives) is equal to their fair value.

Note 10 • PROVISIONS

A provision is recognised when, at the end of the period, the Group has a present obligation (legal or constructive) and it is probable that an outflow of resources that do not embody future economic benefits will be required to settle it.

Provisions are discounted if the effect of time is material. Increases in the provision due to the passage of time are recognised as financial expenses.

A provision for restructuring can only be made if the restructuring was publicly announced and a detailed restructuring plan has been drawn up or restructuring is underway at the balance sheet date.

A provision is set aside for disputes (e.g. employee industrial disputes, tax audits, commercial disputes) if the Group has a liability towards a third party at the balance sheet date. The amount of the provision reflects the best estimate of future expenditures.

Non-current provisions

<i>In thousands of euros</i>	Tax	Social contributions	Other	Total
Opening balance	36,731	46,317	32,933	115,984
Allowances	273	6,781	8,356	15,410
Used	-362	-4,286	-1,134	-5,782
Reversals	-1,631	-31,063	-7,619	-40,313
Changes in scope	811	990	3,206	5,006
Reclassifications	-31,486	267	-2,055	-33,274
CLOSING BALANCE	4,335	19,006	33,687	57,028

Current provisions

<i>In thousands of euros</i>	Tax	Social contributions	Other	Total
Opening balance	1,084	10,043	1,355	12,482
Allowances	699	1,059	3,315	5,073
Used	-360	-595	-3,152	-4,107
Reversals	-989	-734	-433	-2,156
Changes in scope	0	0	869	869
Reclassifications	0	-22	469	446
CLOSING BALANCE	434	9,751	2,423	12,607

Tax disputes

Provisions for tax disputes provide a reserve against tax adjustments and tax disputes for which the amounts have been contested. Following the implementation of IFRIC 23, provisions for tax disputes were reclassified under tax liabilities in the amount of €31 million (see Note 4.4).

Employee-related disputes

The provisions set aside cover employee disputes and employment termination benefits. No individual dispute represents a significant amount at 31 December 2019.

Risks relating to operating disputes (“Other” column)

The provisions set aside by the Group pertain to legal disputes concerning contracts (suppliers and real estate) and medical responsibilities. No individual dispute represents a material amount at 31 December 2019.

Note 11 • TAX

11.1. Breakdown of income tax

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Current taxes	-75,743	-60,785
Deferred tax	16,457	8,178
INCOME TAX	-59,286	-52,606

11.2. Reconciliation between the actual and the theoretical income tax expense

Since the Group considers that the French corporate value added tax (*cotisation sur la valeur ajoutée des entreprises* – CVAE) component of the economic territorial contribution (*contribution économique territoriale* – CET) meets the definition of an income tax under IAS 12, it recognises it as such in the consolidated financial statements in respect of the French subsidiaries.

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Net profit/(loss) attributable to the Group's owners	114,681	123,133
Non-controlling interests	1,544	1,899
Income tax expense	59,286	52,606
Profit/(loss) before tax	175,511	177,638
Theoretical tax rate	34.43%	34.43%
Theoretical income tax expense	60,428	61,161
Permanent differences	-3,864	-2,959
Impact of non-deductible financial expenses	1,725	4,150
Tax losses for the year not activated	2,131	1,472
Use of tax losses not activated	-7,065	-3,448
Adjustment of prior-year deferred taxes	195	372
Adjustments for prior-year taxes	-6,347	0
Tax at the reduced rate	-2,067	-1,638
Income tax of foreign companies	-2,561	-4,235
Impact of CVAE net of tax in France	14,309	13,711
Impact of CICE in France		-11,135
Impact of IRAP in Italy	1,461	1,002
Impact of tax-exempt earnings	2,791	-6,588
Difference between parent Group and subsidiary tax rates	-2,990	-1,178
Impact of the corporate tax rate change in the future	1,141	1,920
ACTUAL TAX EXPENSE	59,286	52,606
<i>Effective tax rate</i>	33.78%	29.61%

11.3. Deferred tax

Deferred taxes are recorded, using the balance sheet liability method, on temporary differences between the tax base of assets and liabilities and their carrying value existing at the balance sheet date, and on tax losses.

Deferred tax assets are recognised when it is likely that the Group will generate future taxable income against which unused tax losses can be offset.

Deferred taxes are calculated for each entity. They are offset when the tax is payable to the same tax authority and relates to the same taxable entity (tax consolidation group in France and Germany).

Deferred tax assets and liabilities are measured at the income tax rate that is expected in the year when the asset is to be realised or the liability is to be settled, on the basis of the applicable tax regulations and using the tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred taxes are presented on the balance sheet under specific headings recorded under non-current assets and non-current liabilities.

At 31 December 2019, the timing differences between French, Belgian and Italian entities were recorded at the rates most recently voted:

- in France: at 25.83%, effective in 2022;
- in Italy: at 27.90% since 1 January 2017, a base rate (IRES) of 24%, to which is added a complementary contribution of between 3.9% and 4.9% depending on the region, Deferred tax on operating licences for the clinics in Tuscany and Sardinia are calculated at a rate of 12.0%;
- in Belgium: at 25.00%, effective in 2020;
- corporate tax rates in Germany were 15.3% or 30.33% depending on the type of company.

11.3.1. Breakdown of deferred taxes

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Intangible assets	419,414	402,288
Property, plant & equipment	164,472	160,103
Temporary differences on CVAE	6,354	6,586
Financial instruments	-8,354	-4,718
Tax loss carry-forwards	-14,654	-7,896
Pension provisions	-20,711	-13,047
Other provisions	-16,427	-7,673
Other temporary differences	-11,496	-14,138
Other assets/liabilities	-60,230	-78,350
NET OF DEFERRED TAXES (LIABILITIES)	458,368	443,155

Most of the Group's deferred taxes arise from the recognition of operating licences (intangible non-current assets) acquired during business combinations.

11.3.2. Net change in deferred taxes

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Opening balance	443,155	423,571
Expense/(income)	-16,457	-8,178
Change in consolidation scope	52,711	28,278
Charged to equity	-19,769	-550
Other changes	-1,273	34
CLOSING BALANCE	458,368	443,155

Note 12 • COMMITMENTS AND CONTINGENT LIABILITIES**Disputes**

To the best knowledge of the Company and its legal advisors, there are no disputes that are liable to have a material impact on the Group's business, results or financial position for which provisions have not been made at 31 December 2019.

Note 13 • EVENTS AFTER THE REPORTING PERIOD

As part of the Group's expansion drive, the following significant events have occurred since 31 December 2019:

In the Netherlands

On 6 February, the Group announced the acquisition of two networks of assisted living facilities, shared housing for the elderly and specialised clinics.

Korian acquired a total of nine complexes (three of which are already in operation and six under development) from Het Gouden Hart, a family-run company providing medical units that combine assisted living facilities and out-patient care. These will add a total of 250 beds and apartments by 2021. The founders will support Korian in developing their concept and related care services.

The Group also signed an agreement with Ontzorgd Wonen, the leading private operator in the Netherlands, to acquire five care facilities, representing 240 units, including two geriatric rehabilitation centres located near Amsterdam. It is currently in exclusive talks to acquire seven further facilities, with 240 beds/apartments.

In France

On 21 February, the Group signed an agreement with professional investment fund Parquest Capital for the acquisition of 5 Santé Group, a major provider of post-acute and rehabilitation care. 5 Santé Group specialises

in the provision of rehabilitation for patients with chronic conditions, notably respiratory illnesses, and is nationally recognised for its treatment of chronic obstructive pulmonary disease (COPD).

The Group is also renowned for its expertise in the field of nutrition, metabolic disorders and addictology. As a pioneering provider of pulmonary rehabilitation, 5 Santé Group's recognised expertise stems largely from its unique R&D skills, with a dedicated team of researchers and ongoing collaborative effort with university research laboratories.

Every year, 5 Santé Group treats nearly 8,000 patients in six specialised clinics located in the Auvergne-Rhône-Alpes and Occitania regions. In all, these have over 500 beds and around 100 out-patient centres. These activities generated estimated revenue of €44 million in 2019.

On 25 February Korian announced the acquisition of the start-up Move In Med, which specialises in devising and monitoring of care pathways.

The start-up is already working with Korian on two projects: (1) the POP BCPO project, a coordinated care pathway for COPD patients (at Korian's Les Trois Tours clinic); and (2) Korian's new home care service (Oriane). The convincing results obtained by the start-up, particularly with the COPD pathway, have spurred us to consider acquiring an equity interest in the company.

Note 14 • OTHER INFORMATION**14.1. Related-party transactions**

Korian's policy for the compensation of its corporate officers is compliant with the AFEP-MEDEF Corporate Governance Code for Listed Companies (November 2016 version) (the "AFEP-MEDEF Code").

In line with the recommendations of said AFEP-MEDEF Code, the compensation of executive corporate officers is set by the Board of Directors, pursuant to a proposal of the Compensation and Appointments Committee.

<i>In euros</i>	31 December 2019 Amounts paid	31 December 2018 Amounts paid
Chief Executive Officer as of 26 January 2016		
Fixed annual compensation	450,000	450,000
Variable annual compensation ⁽¹⁾	540,000	427,500
Benefits in kind	12,765	12,516
TOTAL	1,002,765	890,016
Chairman of the Board as of 26 January 2016		
Fixed annual compensation	345,000	345,000
TOTAL	345,000	345,000

(1) For the past fiscal year, this is the variable annual compensation paid for the previous year.

14.2. Statutory auditors' fees

Pursuant to decree No. 2008-1487, the following table presents the statutory auditor fees for the 2019 fiscal year for all consolidated companies.

<i>In thousands of euros</i>	Mazars 2019	EY 2019	Mazars 2018	EY 2018
Statutory auditors				
Issuer	286	295	307	334
Fully consolidated companies	1,286	1,534	1,156	1,260
Sub-total	1,572	1,829	1,463	1,594
Other services	542	601	161	135
Sub-total	542	601	161	135
TOTAL	2,114	2,430	1,624	1,729

Other services primarily concern due diligence missions conducting in relation to acquisitions made over the period considered.

14.3. List of the Group's consolidated entities

Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Company. A subsidiary is considered to be controlled when the Company:

- has the power, directly or indirectly, to govern its operating and financial policies;
- obtains variable returns from its activities;
- can use its power to influence the amount of these returns.

In general, controlled companies are those in which Korian directly or indirectly holds more than 50% of the voting rights.

Partnerships and associates

There are no investments consolidated using the equity method or other equity interests in joint ventures at 31 December 2019.

In accordance with Article 264 paragraph b of the German Code of Commerce (Handelsgesetzbuch – HGB), all of the German subsidiaries listed below and included in the consolidated statement of financial position are exempt from the obligation under Article 325 of said Code to publish individual financial statements for fiscal year 2019.

The Group's parent company is Korian SA.

The percentages shown in the following table refer to equity interests.

FC: full consolidation

EM: Equity method

M: Merger

TUP (*transmission universelle de patrimoine*): transfer of all assets and liabilities

14.3.1. France

Legal entity

KORIAN SA		
MEDIDEP FONCIER	100	FC
SOCIÉTÉ IMMOBILIÈRE JANIN	100	FC
KORIAN SANTÉ	100	FC
ABILONE	100	FC
SCI KORIAN IMMOBILIER	100	FC
JONGKIND	100	FC
KORIAN DOMICILES	100	FC
LA MOULINIÈRE	100	FC
KORIAN PARTENAIRE	100	FC
PRIVATEL	100	FC
HOLDING HOSPITALIÈRE DE TOURAINE	100	FC
LE NORD COTENTIN	100	FC
CENTRE WILLIAM HARVEY	100	FC
HOLDING AUSTRUY BUREL	99	FC
PB EXPANSION	100	FC
SCI KORIAN BEZONS IMMOBILIER	100	FC
SCI KORIAN LA COTONNADE IMMOBILIER	100	FC
SCI KORIAN LES CATALAUNES IMMOBILIER	100	FC
SCI KORIAN LE GRAND PARC IMMOBILIER	100	FC
SCI KORIAN LIVRY SULLY IMMOBILIER	100	FC
SCI KORIAN LES RESTANQUES IMMOBILIER	100	FC
SCI KORIAN MORNAY IMMOBILIER	100	FC
SCI KORIAN ONCOPOLE TOULOUSE	100	FC
SCI KORIAN PARC DES DAMES IMMOBILIER	100	FC
SCI KORIAN VILLA AMARELLI IMMOBILIER	100	FC
SCI HOLDING IMMOBILIÈRE	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 1	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 2	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 3	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE	100	FC
SAS KORIAN IMMOBILIER FRANCE	100	FC
LA BASTIDE DE LA TOURNE	100	FC

Legal entity

LE CHÂTEAU	58	FC
SARL RÉSIDENCE FRONTENAC	100	FC
KORIAN LE BASTION	100	FC
RÉSIDENCE PÉRIER	100	FC
PÉRIER RETRAITE	100	FC
VEPEZA	100	FC
LA REINE MATHILDE	100	FC
RÉSIDENCE LES AJONCS	100	FC
KORIAN MAS DE LAUZE	100	FC
SCI BADERA	62	FC
VILLA BONTEMPS	100	FC
SOCIÉTÉ D'EXPLOITATION HOME SAINT GABRIEL	99	FC
LES ISSAMBRES	100	FC
ACCUEIL MEUNIÈRES	100	FC
CHAMTOU	100	FC
SOCIÉTÉ GÉRONTOLOGIQUE DU CENTRE OUEST – SGCO	100	FC
SOCIÉTÉ HOSPITALIÈRE DE TOURAINE	100	FC
KORIAN VILLA D'ALBON	100	FC
SCI LE TEILLEUL	60	FC
KORIAN LE DIAMANT	100	FC
COMPAGNIE FONCIÈRE VERMEILLE	59	FC
BELLECOMBE	100	FC
KORIAN LES ARCADES	100	FC
RÉSIDENCE MAGENTA	100	FC
VILLA SAINT DOMINIQUE	100	FC
LE CLOS CLÉMENT 77 RÉSIDENCE DU BOIS CLÉMENT	100	FC
KORIAN BRUNE	100	FC
KORIAN LES LILAS	100	FC
SAINT-CYR GESTION	100	FC
REANOTEL	100	FC
KORIAN FLORIAN CARNOT	100	FC
MEUDON-TYBILLES	100	FC
LES LIERRES GESTION	100	FC
L'AIR DU TEMPS RÉSIDENCES STRASBOURG ROBERTSAU	100	FC
LES HAUTS D'ANDILLY	100	FC
ATRIA	100	FC
LES BÉGONIAS	100	FC
LA REINE BLANCHE	100	FC
LES BLÉS D'OR	100	FC
LES TEMPS BLEUS	100	FC
CARLOUP SANTÉ	100	FC
LE CASTELLI	100	FC
LES FONTAINES	100	FC
ISÈRE SANTÉ	100	FC
LAFFITTE SANTÉ	100	FC

Legal entity

S.C.I. LE MAIL IMMOBILIER	100	FC
LE MAIL SANTÉ	100	FC
MASSENET SANTÉ	100	FC
MEDOTELS	100	FC
RÉSIDENCE FRÉDÉRIC MISTRAL	100	FC
KORIAN CLOS DES VIGNES	100	FC
KORIAN VILLA POPYRI	100	FC
KORIAN VILLA D'AZON	100	FC
KORIAN LES CASSISSINES	100	FC
KORIAN VILLA SPINALE	100	FC
KORIAN L'ASTRÉE	100	FC
KORIAN LA FONTANIÈRE	100	FC
GEM VIE	100	FC
SOCIETE D'ÉTUDES ET DE RÉALISATIONS POUR LE NOUVEL ÂGE SERENA	100	FC
KORIAN AU FIL DU TEMPS	100	FC
KORIAN PLAISANCE	100	FC
KORIAN SAVERNE	100	FC
KORIAN VAL DES SOURCES	100	FC
KORIAN VILL'ALIZE	100	FC
KORIAN L'ESCONDA	100	FC
LE PETIT CASTEL	100	FC
PÉROU	100	FC
LES PINS BLEUS	100	FC
RÉSIDENCE DE PONTLIEUE	100	FC
HOMÈRE HÔTELLERIE MÉDICALISÉE RETRAITE	100	FC
LA SAISON DORÉE	100	FC
SAINT FRANCOIS DE SALES	100	FC
SARL VILLANDIÈRES NÎMES	100	FC
CLINIQUE DE SOINS DE SUITE ET RÉADAPTATION CHÂTEAU DE GLETEINS	100	FC
LA PINÈDE	100	FC
CHÂTEAU DE LA VERNÈDE	100	FC
KORIAN LES OLIVIERS	100	FC
CENTRE DE RÉADAPTATION FONCTIONNELLE DE CAEN	100	FC
CLINIQUE CARDIOLOGIQUE DE GASVILLE	100	FC
CLINIQUE DE MÉDECINE PHYSIQUE ET DE RÉADAPTATION FONCTIONNELLE « LES GRANDS CHÊNES »	100	FC
LES FLOTS	100	FC
IRG 2	100	FC
LE BELVÉDÈRE PLAGE	100	FC
LE BELVÉDÈRE	100	FC
CENTRE MÉDICAL INFANTILE MONTPRIBAT	100	FC
CENTRE DE RÉÉDUCATION FONCTIONNELLE DE SIOUVILLE	100	FC
CLINIQUE NAPOLÉON	100	FC
SCI NAPOLÉON	100	FC
LE MONT BLANC	99	FC
CLINIQUE DU CANAL DE L'OURCQ	100	FC

Legal entity

HAD YVELINES SUD	100	FC
SOCIÉTÉ NOUVELLE DE LA CLINIQUE DU MESNIL	100	FC
CENTRE DE SOINS DE SUITE DE SARTROUVILLE	100	FC
KORIAN LES TROIS TOURS	100	FC
OREGON	100	FC
SOCIÉTÉ D'EXPLOITATION DE LA CLINIQUE MÉDICALE DE SAINT CÔME À JUVISY	100	FC
CLINIQUE DE SACLAS	100	FC
SOCIÉTÉ CLINIQUE DE SOINS DE SUITE DE NOISY LE SEC	100	FC
CLINIQUE DE LIVRY-SULLY	100	FC
SOCIÉTÉ D'EXPLOITATION DE LA CLINIQUE DU PERREUX	100	FC
NEWCO BEZONS	100	FC
CLINIQUE DE CONVALESCENCE DU CHÂTEAU DE CLAVETTE	100	FC
SERIENCE SOINS DE SUITE ET DE RÉADAPTATION	100	FC
SARL DE BIOUX SANTÉ	100	FC
THALATTA	100	FC
RESIDENCE LES AÎNÉS DU LAURAGAIS	100	FC
GRAND'MAISON	100	FC
KORIAN PASTORIA	100	FC
SA MEDICA FRANCE	100	FC
SAS CLINIQUE DE SANTÉ MENTALE SOLISANA	100	FC
SAS CLINIQUE DU VAL DE SEINE	100	FC
SARL CLINIQUE LES ALPILLES	100	FC
SARL CLINIQUE DU MONT VENTOUX	100	FC
SARL CLINIQUE DE SANTÉ MENTALE DU GOLFE	100	FC
SAS CLINIQUE ALMA SANTÉ	100	FC
SAS CLINIQUE DU CHÂTEAU DE MORNAY	100	FC
SAS CLINIQUE SAINTE COLOMBE	100	FC
SARL CLINIQUE LA CONDAMINE	100	FC
SARL CLINIQUE DE SANTÉ MENTALE VILLA BLEUE	100	FC
SARL CLINIQUE MAISON BLANCHE	100	FC
SAS CLINIQUE MONTJOY	100	FC
SAS CLINIQUE DE SANTÉ MENTALE DE PIÉTAT	100	FC
SAS CLINIQUE DE SANTÉ MENTALE SAINT MAURICE	100	FC
SAS CLINIQUE LA PALOUMÈRE	100	FC
SAS CLINIQUE LA VARENNE	100	FC
SAS CLINIQUE LA ROSERAIE	100	FC
SARL CLINIQUE LE CLOS DE BEAUREGARD	100	FC
SAS CLINIQUE DU CHAMBON	100	FC
SAS CLINIQUE LES BRUYÈRES	100	FC
SAS LES JARDINS D'HESTIA	100	FC
SARL GMR	100	FC
SAS AUBERGERIE DE QUINCY	92	FC
SAS AUBERGERIE DU 3 ^e ÂGE	92	FC
SARL RÉSIDENCE DES PINS	100	FC
SAS GASTON DE FOIX	100	FC

Legal entity

SARL RÉSIDENCE DE CHAINTREAUVILLE	96	FC
SAS DLS GESTION	100	FC
SARL LA FONTAINE BAZEILLE	100	FC
SAS LES TERRASSES DU XX ^e	100	FC
SAS RÉSIDENCE LES MATHURINS	100	FC
SAS LE VAL D'ESSONNE	100	FC
SARL MAISON DE RETRAITE LES GARDIOLES	100	FC
SARL LA PAQUERIE	100	FC
SARL LA COLOMBE	100	FC
SARL LES TAMARIS	100	FC
SARL RESID'GEST	100	FC
SARL RA DE LAXOU	100	FC
SARL RA DES SABLES	100	FC
SARL RA DE LYON GERLAND	100	FC
SARL RA DU MANS	100	FC
SARL LE MÔLE D'ANGOULINS	100	FC
SAS RA DE NEUVILLE ST RÉMY	100	FC
SARL MAISON DE RETRAITE SOULAINES	100	FC
SAS DOMAINE DES TROIS CHEMINS	100	FC
SAS LE MONT SOLEIL	100	FC
SARL RÉSIDENCE BELLEVUE	100	FC
SARL RÉSIDENCE AGAPANTHE	100	FC
SARL RÉSIDENCE LA GRANDE PRAIRIE	100	FC
SARL RÉSIDENCE PIN BALMA	100	FC
SARL LE HAMEAU DE PRAYSSAS	100	FC
SAS LE HAMEAU DE LA SOURCE	100	FC
SAS RÉSIDENCE CLAUDE DEBUSSY	100	FC
SARL LES OLIVIERS	100	FC
SAS MAISON DE RETRAITE LE CHALET	100	FC
SARL LA CAMPAGNARDE	100	FC
SARL DU CHÂTEAU	100	FC
SARL BUEIL	100	FC
SAS RÉSIDENCE DE L'ABBAYE	100	FC
SAS LA VALLÉE BLEUE	100	FC
SAS LES CIGALES	100	FC
SAS LES TOURELLES	100	FC
SAS LA DÉTENTE	100	FC
SAS SAINT FRANCOIS DU LAS	100	FC
SARL MAISON DE RETRAITE LES ALYSSES	100	FC
SAS LA VILLA DU CHÊNE D'OR	100	FC
SAS LA VILLA DU PARC	100	FC
SARL LE DOMAINE DE COLLONGUES	100	FC
SAS LE CLOS VERMEIL	100	FC
SAS RELAIS TENDRESSE SAINTE MARGUERITE	100	FC
SARL MEDI-SAISONS	100	FC

Legal entity

SAS L'AMARYLLIS	100	FC
SAS LA LOUISIANE	100	FC
SAS LES PALMIERS	100	FC
SARL LUBÉRON SANTÉ	100	FC
SARL INVAMURS	100	FC
SAS SOCEFI	100	FC
SAS FINANCIÈRE DE LETRETTE	100	FC
SARL PASTHIER PROMOTION	100	FC
SCI CHAMBÉRY JOURCIN	100	FC
SCI BRUAY SUR ESCAUT	100	FC
SCI SAINT GEORGES DE DIDONNE	100	FC
SCI DE LAXOU MAXEVILLE	51	FC
SCI DES SABLES	100	FC
SCI DE LYON-GERLAND	100	FC
SCI SAINT-MALO	100	FC
SCI DU MANS	100	FC
SCI PIERRE DEBOURNOU	100	FC
SCI DE LA RUE BICHAT	100	FC
SCI CENTRE DE CONVALESCENCE DE NEUVILLE	100	FC
SCI CENTRE MÉDICAL LES ALPILLES	100	FC
SCI VALMAS	100	FC
SCI ALMA SANTÉ	100	FC
SCI SAINT MAURICE	100	FC
SCI LA PALOUMÈRE	100	FC
SCI LA VARENNE	100	FC
SCI LA ROSERAIE	100	FC
SOCIÉTÉ CIVILE IMMOBILIÈRE DE MONTVERT	100	FC
SCCV BAZEILLE DÉVELOPPEMENT	100	FC
SCI LES TROIS CHEMINS	100	FC
SARL DU PRÉ DE LA GANNE	100	FC
SCI SYR IMMOBILIER	100	FC
SARL LE BOIS DU CHEVREUIL	100	FC
SAS ALEXMAR	100	FC
SNC IMMOBILIÈRE DE DINARD	100	FC
SAS MS FRANCE	60	FC
SCI FALCA	100	FC
SARL RÉSIDENCE VICTOR HUGO	100	FC
LE CLOS DE L'ORCHIDÉE	100	FC
SOCIETE DU CHÂTEAU DE LORMOY	100	FC
SCI KORIAN SAVERNE IMMOBILIER	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 4	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 5	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 6	100	FC
RÉSIDENCE FONTDIVINA	100	FC
SCI LA MÉRIDienne	100	FC

Legal entity

AGES ET VIE GESTION	100	FC
AGES ET VIE HABITAT	100	FC
AGES ET VIE SERVICES	100	FC
CLINIDEV SAS	100	FC
CLINIDOM SAS	100	FC
KD H	100	FC
SCI LA CROIX DU MARÉCHAL	100	FC
SCI FPM	100	FC
LES OMEGADES	100	FC
OMEGA SAS	100	FC
SCCV HENRIADE	100	FC
SCI BEAUSÉJOUR	100	FC
HOLDING LES ACACIAS	100	FC
KORIAN IMMOBILIER ALLEMAGNE 7	100	FC
LA GALICIA	100	FC
SCPR CROIX DU MARÉCHAL	100	FC
BOIS LONG	100	FC
JARDINS D'ÉPARGNES	100	FC
ROSA BELLA	100	FC
LA CHÊNAIE	100	FC
LA CHÊNERAIE	100	FC
HENRIADE	100	FC
LASIDOM	100	FC
CLOS D'ARMAGNAC	100	FC
ENTRE DEUX MERS	100	FC
LES DOMAINES DE CESTAS	100	FC
ROSES DU BASSIN	100	FC
LES ACACIAS (BRIANÇON)	100	FC
A.DOM & SERVICES	100	FC
ADOM*TOULOUSAIN	100	FC
AUXILIA SERVICES	100	FC
LES 4 ÂGES	100	FC
MILA SERVICES	100	FC
LES ACACIAS (GAN)	100	FC
MARIENIA	100	FC
PETITS-FILS DÉVELOPPEMENT	100	FC
PETITS-FILS	100	FC
SCI FONCIÈRE A & V	30	FC
KD SAP	100	FC
KD SANTÉ SÉCURITÉ	100	FC
SCI KORIAN OULLINS IMMOBILIER	100	FC
SAS KORIAN ASSET & PROPERTY MANAGEMENT	100	FC

14.3.2. Germany
Legal entity

CASA REHA HOLDING GMBH	100	FC
CASA REHA BETRIEBS- UND BETEILIGUNGSGESELLSCHAFT MBH	100	FC
PROVITA HEIMBETRIEBSGESELLSCHAFT MBH	100	FC
SENIORENHEIM LEHNDORFER HOF GMBH	100	FC
SENIOREN DSC GMBH DIENSTLEISTUNGS- UND SERVICE CENTER	100	FC
HAUS ALTKÖNIG HEIMBETRIEBSGESELLSCHAFT MBH	100	FC
CASA REHA HEIMBETRIEBSGESELLSCHAFT MBH	100	FC
SENIORENRESIDENZ AM ERLENHOFSEE BETRIEBSGESELLSCHAFT MBH	100	FC
SENIORENPFLEGEHEIM GMBH BAD NEUSTADT A.D. SAALE	100	FC
F & B SENIOREN-CENTER GMBH	100	FC
S & K TEXTIL SENIOREN DIENSTLEISTUNGS-CENTER GMBH	100	FC
NON-FOOD HANDELSGESELLSCHAFT KARLSRUHE FÜR SENIORENBEDARF MBH	100	FC
CASA REHA ALTENPFLEGEHEIM GMBH	100	FC
CASA REHA VIII IMMOBILIENVERWALTUNGSGESELLSCHAFT OBJEKT LOLLAR MBH	100	FC
CASA REHA IX IMMOBILIEN BETEILIGUNGSGESELLSCHAFT OBJEKT LOLLAR MBH	100	FC
CASA REHA VIII IMMOBILIENGESELLSCHAFT OBJEKT LOLLAR MBH & CO. KG	100	FC
XXIV. CASA REHA IMMOBILIENVERWALTUNGSGESELLSCHAFT MBH	100	FC
XXVIII. CASA REHA IMMOBILIENVERWALTUNGSGESELLSCHAFT MBH	100	FC
XX. CASA REHA VERWALTUNGS- UND IMMOBILIENERWERBS GMBH & CO. KG	100	FC
CASA REHA SENIORENPFLEGEHEIM GMBH	100	FC
SOZIALKONZEPT BETRIEBS- UND BETEILIGUNGS GMBH	100	FC
SOZIALKONZEPT BARBARAHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT CHARLOTTENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
SOZIALKONZEPT CHRISTINENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT DOROTHEENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT HERMINENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT LORETTAHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT MARIETTENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT CÄCILIEHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
SOZIALKONZEPT FRIEDERIKENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT HELENENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT LUISENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT MAGDALENENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
SOZIALKONZEPT MARIENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT IM ROSEN PARK GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT SCHULZE-KATHRINHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT SOPHIENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT KATHARINENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
GO DRACHENFELSSEE 506. V V GMBH	100	FC
GO DRACHENFELSSEE 510. V V GMBH	100	FC
ALTER EGO SIEBENUNDVIERZIGSTE BETEILIGUNGSGESELLSCHAFT MBH	100	FC
SOTEC GMBH	100	FC
SOZIALKONZEPT BETEILIGUNGS GMBH	100	FC
SERVEX DIENSTLEISTUNGS GMBH	100	FC

Legal entity

SOZIAL SERVICE EINRICHTUNGS- UND GESCHÄFTSBESORGUNGS GMBH	100	FC
AFARIA GRUNDSTÜCKSVERTWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT LOLLAR KG WIESBADEN	100	FC
ASTELLA GRUNDSTÜCKSVERTWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG WIESBADEN	100	FC
KORIAN MANAGEMENT AG	100	FC
KORIAN MANAGEMENT AG SALZBURG	100	FC
KORIAN MANAGEMENT GRUNDBESITZ GMBH	100	FC
CURANUM AG	100	FC
CURANUM HOLDING GMBH	100	FC
CURANUM BETRIEBS GMBH WEST	100	FC
KORIAN AKADEMIE GMBH	100	FC
GAP MEDIA SERVICE GMBH	100	FC
SERVICE GESELLSCHAFT WEST GMBH	100	FC
CURANUM DIENSTLEISTUNG GMBH	100	FC
CURANUM BETRIEBS GMBH	100	FC
ALTENHEIM BETRIEBSGESELLSCHAFT WEST GMBH	100	FC
CURANUM FRANZISKUSHAUS GMBH	100	FC
CURANUM BETRIEBS GMBH MITTE	100	FC
DOC ORANGE GMBH	100	FC
BAD SCHWARTAUER AVG ALTENHEIM-VERMIETUNG	100	FC
RIAG SENIORENZENTRUM "ZWEITE"	100	FC
RIAG SENIORENZENTRUM "ERSTE"	100	FC
RIAG SENIORENZENTRUM	100	FC
CURANUM LIESBORN GMBH & CO. KG	100	FC
KORIAN MANAGEMENT VERWALTUNG GMBH	100	FC
PHÖNIX – HAUS SILBERDISTEL – ALTEN- U. PFLEGEHEIM GMBH	100	FC
PHÖNIX – HAUS ROGGENBERG – PFLEGEHEIM GMBH	100	FC
PHÖNIX – HAUS KARWENDEL – ALTEN- UND PFLEGEHEIM GMBH	100	FC
PHÖNIX-HAUS ROSMARIN SENIOREN- UND PFLEGEZENTRUM GMBH	100	FC
SENIORENWOHNANLAGE OETTINGEN GMBH	100	FC
ALTEN-PFLEGEHEIM VEITSBRONN GMBH	100	FC
PHONIX SENIORENRESIDENZ ELSTERTALBLICK GMBH	100	FC
PHÖNIX SOZIALZENTRUM IM LERCHENFELD GMBH	100	FC
PHÖNIX SOZIALZENTRUM WINDSBACH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM IM BRÜHL GMBH	100	FC
PHÖNIX-SENIORENZENTRUM TAUNUSBLICK GMBH	100	FC
PHÖNIX-HAUS AM STEINSGRABEN SENIOREN- UND PFLEGEZENTRUM GMBH	100	FC
PHÖNIX-SENIORENZENTRUM ULMENHOF GMBH	100	FC
PHÖNIX – HAUS SONNENGARTEN WOHN- UND PFLEGEZENTRUM GMBH	100	FC
PHÖNIX – SENIORENZENTRUM GRAF TILLY GMBH	100	FC
PHÖNIX-SENIORENZENTRUM HERZOG ALBRECHT GMBH	100	FC
PHÖNIX-SENIORENRESIDENZ AM TEICHBERG GMBH	100	FC
SENIORENRESIDENZ DETTELBACH GMBH	100	FC
SENIOREN- UND FACHPFLEGEZENTRUM GMBH (GRETEL-EGNER-HAUS)	100	FC
SOLIDARIA SENIORENRESIDENZEN GGMBH	100	FC
PHÖNIX SENIORENZENTRUM SCHÖNBlick GMBH	60	FC

Legal entity

PHÖNIX – SENIORENZENTRUM HESSENALLEE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM FRONMÜLLERSTRABE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM GARTENSTADT GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AM BODENSEERING GMBH	100	FC
PHÖNIX-SENIORENZENTRUM ST. HEDWIG GMBH	100	FC
PHÖNIX-SENIORENZENTRUM NEUPERLACH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AHORNHOF GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AM MUPPBERG GMBH	100	FC
PHÖNIX-SENIORENZENTRUM MAINPARKSEE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AM SCHLOSSTEICH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM ZWEI LINDEN GMBH	100	FC
PHÖNIX-SENIORENZENTRUM WEIDENPESCH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM EVERGREEN MAXHÜTTE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM EVERGREEN GMBH	100	FC
ZENTRALE PARSBERG (HOLDING WEIDLICH)	100	FC
SERVAS GMBH – SERVICELEISTUNGEN FÜR DEN ALTENHILFESEKTOR	100	FC
WBW GMBH	100	FC
LEOS GMBH	100	FC
GERICARE GMBH	100	FC
SOTERIA MANAGEMENTGESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG	100	FC
KLINIK AM STEIN PROJEKTENTWICKLUNGSGESELLSCHAFT MBH & CO. KG	100	FC
KLINIK AM STEIN VERWALTUNGS GMBH	100	FC
EVERGREEN HOLDING GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM BERGNEUSTADT GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM BUTZBACH GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM LANDSCHEID GMBH	100	FC
EVERGREEN PFLEGEZENTRUM AM ALTEN POSTSTADION GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM RECKLINGHAUSEN GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM SAARBURG GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM PADERBORN GMBH	100	FC
BLITZ 07-712 GMBH	100	FC
HELVITA SENIORENZENTREN GMBH	100	FC
ALPHEIDE-SENIORENZENTRUM GMBH	100	FC
SENIOREN-DOMIZIL FAMILIE WOHSIEDLER GMBH	100	FC
HAUS AMSELHOF SENIORENRESIDENZ GMBH	100	FC
HELVITA WIRTSCHAFTSDIENSTE GMBH	100	FC
SENIORENPFLEGE HABLOCH GMBH	100	FC
SENTIVO GMBH	100	FC
SENTIVO SOLINGEN GMBH	100	FC
SENTIVO MÖNCHENGLADBACH GMBH	100	FC
SENTIVO RHÖNDORF GMBH	100	FC
SENTIVO EITORF GMBH	100	FC
AMBULANTER DIENST KUTLU GMBH	100	FC
SENIORHEIM AN DER PAAR GMBH AICHACH	100	FC
CURANUM FRANZISKUSHAUS GMBH	100	FC

Legal entity

PFLEGE AUS EINER HAND GMBH	100	FC
KÖNIG BETEILIGUNGS- VERWALTUNGS-GMBH	100	FC
HÄUSLICHE KRANKENPFLEGE CHARLOTTE KÖNIG GMBH	100	FC
HÄUSLICHE KRANKENPFLEGE CHARLOTTE KÖNIG GMBH & CO.	100	FC
SCHAUINSLAND PFLEGE BETRIEB GMBH	100	FC
AMBULANTE PFLEGE SCHAUINSLAND GBMH	100	FC
PHÖNIX-AMBULANTE INTENSIVE PFLEGE GMBH	100	FC

14.3.3. Italy**Legal entity**

SEGESTA SPA	100	FC
SEGESTA2000 SRL	100	FC
SEGESTA GESTIONI SRL	100	FC
MOSAICO HOME CARE SRL	100	FC
VILLA DELLE TERME SPA	100	FC
SEGESTA LATINA SPA	100	FC
CRCT IL GBBIANO SRL	100	FC
SEGESTA MEDITERRANEA SRL	100	FC
VILLA SAN CLEMENTE SRL	100	FC
ELIA DOMUS SRL	100	FC
AUREA SALUS SRL	100	FC
KINETIKA SARDEGNA SRL	100	FC
VITTORIA SRL	70	FC
DR ALBERTO BOCCHI SPA	100	FC
PLATINUM SPA	100	FC
CARE SERVICE SPA	100	FC
IL CILIEGIO SRL	100	FC
RESIDENZA FORMIGINE SRL	100	FC
IL FAGGIO SRL	100	FC
CROCE DI MALTA SRL	100	FC
FRATESOLE SRL CLIN	100	FC
IL RONCO SRL	100	FC
IMMOBILIARE MACOTTE	100	FC
NATIVITAS	100	FC
RSA FRATESOLE SRL	100	FC
SOGEMI SRL	100	FC
ASSISI PROJECT SPA	100	FC
PREPPY REAL ESTATE SRL	100	FC
SMERALDA RSA DI PADRU SRL	95	FC
RESIDENZA VILLA CARLA SRL	100	FC
CENTRO MEDICO SPECIALISTICO SRL	100	FC
CENTRO SPECIALISTICO PER LA CURA DEL DIABETE SRL	100	FC
GILAR SRL	100	FC
ISAV SPA	100	FC

Legal entity

LABORATORIO ANALISI CLINICHE DELLE VALLI SRL	100	FC
CENTRO RADIOLOGICO LAERTINO SRL	90	FC
CENTRO DIAGNOSTICO MEDICINA NUCLEARE SRL	90	FC
SERVIZI ASSISTENZIALI DOMICILIARI SRL	100	FC
SANEM2001 SRL	100	FC
STUDIO SERENISSIMA SRL	100	FC
VILLA SILVANA SPA	100	FC
SONDRIO RINNOVA SRL	100	FC
MÉDICAL HOUSE VIGNE NUOVE SRL	100	FC
CASA DI CURA CARACCILO SRL	100	FC
MAFI SRL	100	FC

14.3.4. Belgium**Legal entity**

RUSTOORD DE VLAAMSE ARDENNEN	100	FC
PSYCHOGERIATRISCH CENTRUM	100	FC
RESIDENTIE MILSENHOF	100	FC
SENIORENRESIDENTIE AURORA	100	FC
BERCKENBOSCH NV	100	FC
RESIDENTIE SPOENPARK	100	FC
RESIDENTIE BONEPUT	100	FC
RÉSIDENCE LES CHEVEUX D'ARGENT	100	FC
CORDIA HOLDING	100	FC
PROCURAS	100	FC
RVT DELLEBRON	100	FC
HOME EKSTERVELD	100	FC
GOLDEN MORGEN	100	FC
SINT- LENAARTSHOF	100	FC
MAASMEANDER	100	FC
SENIORIE DE MARETAK	100	FC
RÉSIDENCE MÉLOPÉE	100	FC
DE NOOTELAER	100	FC
TEN PRINS	100	FC
RÉSIDENCE L'AIR DU TEMPS	100	FC
RÉSIDENCE BÉTHANIE	100	FC
RESIDENTIE EDELWEIS	100	FC
RÉSIDENCE AUX DEUX PARCS	100	FC
MRS LE RICHEMONT	100	FC
RESIDENTIE KASTEELHOF	100	FC
RÉSIDENCE LE PROGRÈS	100	FC
ROOIERHEIDE NV	100	FC
RESIDENTIE PALOKE	100	FC
HOME RÉSIDENCE DU PLATEAU	100	FC
RESIDENTIE PRINSENK	100	FC

Legal entity

RÉSIDENCE LA PASSERINETTE	100	FC
RÉSIDENCE RY DU CHEVREUIL	100	FC
RÉSIDENCE SEIGNEURIE DU VAL	100	FC
RESIDENTIE VAERENHOF	100	FC
RÉSIDENCE AU BON VIEUX TEMPS	100	FC
SL FINANCE	100	FC
SENIOR LIVING GROUP NV	100	FC
SL INVEST	100	FC
SL IMMO	100	FC
WIELANT-FUTURO	100	FC
DAMIEN/HÉRIS SÉNISERVICES SA	100	FC
MAISON DE XX AOÛT SA	100	FC
ONAFHANKELIJKE THUISZORG VLAANDEREN	100	FC
PLAZA CATERING	100	FC
LES RÉCOLLETS SA	100	FC
RESIDENTIE SENIORPLAZA	100	FC
SENIOR ASSIST HOME CARE	100	FC
SENIORPLAZA CONCEPT	100	FC
SENIORPLAZA INVEST	100	FC
ARCHE DE VIE SA	100	FC
LE DOMAINE DES AMARYLLIS SPRL	100	FC
RÉSIDENCE 3 SA	100	FC
RÉSIDENCE REINE ASTRID SA	100	FC
BELLEVUE SA	100	FC
CLAIRE DE VIE SPRL	100	FC
LES CHARMILLES SA	100	FC
LE COLVERT SPRL	100	FC
HUYSE ELCKERLYC	100	FC
KAREN SPRL	100	FC
DE LAEK SA	100	FC
WOON & ZORG VG LUMMEN BVBA IMMO	100	FC
WOON & ZORG EXPLOITATIE ICHTEGEM BVBA	100	FC
WOON & ZORG EXPLOITATIE LUMMEN BVBA	100	FC
NEW TRAMONTANE	100	FC
DU PARC SA	100	FC
NOUVELLE RÉSIDENCE LE SAULE SPRL	100	FC
SENIOR HOUSING	100	FC
LES SITELLES SA	100	FC
RÉSIDENCE SOIGNIES SA IMMO	100	FC
CHÂTEAU SOUS BOIS SPRL	100	FC
VII VOYES SPRL	100	FC
HEYDEVELD BVBA	100	FC
JOHAN VRIJDAGHS BVBA	100	FC
CLEANING AT HOME	100	FC
CLEANING FOR YOU	100	FC

14.3.5. Netherlands

Legal entity		
STEPPING STONES HOME & CARE HOLDING BV	100	FC
POORT VAN WIJK BV	100	FC
POORT VAN SACHSEN WEIMAR BV	100	FC
VILLA ASTRA BV	100	FC
VILLA DALIA BV	100	FC
VILLA DE HORSTING BV	100	FC
STEPPING STONES ENSCHEDE BV	100	FC
STEPPING STONES DONGEN BV	100	FC
VILLA MARRIANNA BV	100	FC
VILLA OOSTERVELD BV	100	FC
VILLA REGINA BV	100	FC
STEPPING STONES VASTGOED BV	100	FC
VILLA SPES NOSTRA BV	100	FC
STEPPING STONES HOME & CARE ZORG BV	100	FC

14.3.6. Spain

Legal entity		
KORIAN RESIDENCIAS SPAIN 2018 SLU	100	FC
MANACOR SENIOR SA	100	FC
GROUPE OMEGA ESPAÑA SL	100	FC
PICAFORT SENIORS SAU	100	FC
RESIDENCIAS FAMILIARES PARA MAYORES SL	100	FC

6.2 Statutory Auditors' report on the consolidated financial statements

For the year ended 31 December 2019

To the General Meeting of Korian shareholders,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meetings, we have audited Korian's consolidated financial statements for the financial year ended 31 December 2019, as appended to this report.

We hereby certify that, in respect of the IFRS accounting framework as adopted in the European Union, the consolidated financial statements are true and accurate and give a fair view of the business activities conducted over the past financial year, as well as of the financial position and assets at the end of the financial year, of the whole comprised of the persons and entities within the consolidation scope.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We performed our audit in accordance with professional standards applicable in France. We consider that the audit evidence that we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the section "Responsibilities of statutory auditors in relation to the audit of consolidated financial statements" of this report.

Independence

We performed our audit assignment, from 1 January 2019 to the date of our report, in accordance with the independence rules applicable to us. In particular, we did not provide services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of ethics for statutory auditors (*Code de déontologie*).

Justification for our assessments – Key audit matters

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification for our assessments, we hereby inform you of the key audit matters relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the year ended December 31, 2019, as well as the responses we provided in relation to these risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and in forming our opinion, as expressed above. We do not express an opinion on any items in these consolidated financial statements considered separately.

Measurement of goodwill and operating licences

Identified risk

At 31 December 2019, the net value of goodwill and operating licences amounted to €4,341 million.

- Goodwill, for which the calculation methods are presented in Note 6.1 to the consolidated financial statements, is recognised as an asset in the balance sheet for a net total of €2,504 million.
- Operating licences acquired in connection with corporate mergers are non-amortisable intangible non-current assets recognised for a net carrying amount of €1,837 million, representing the value assigned to the operating licences granted by regulatory authorities in France, Belgium and Italy. They are measured at the time of business combinations at their fair value at the acquisition date in accordance with the procedures described in Note 6.2 "Intangible assets" in the notes to the consolidated financial statements.

At each balance sheet date, or more frequently if there is any indication of impairment, management ensures that the net carrying amount of goodwill and operating licences does not exceed their recoverable amount. The recoverable amount of licences is the higher of net value of exit costs and value in use. Impairment testing is performed at the level of the cash generating unit (CGU).

- In the case of operating licences, since 2018, the CGU corresponds to a department in France and to a region in Italy and Belgium, for each activity type (retirement home or clinic). Indeed, market, business and regulatory changes, as well as the way in which the Group runs its operations have led it to consider each CGU as a territorial unit for each activity.
- In the case of goodwill, the CGUs correspond to the operating segments (France, Germany, Belgium and Italy).

The procedures and the details of the assumptions used for these tests are presented in Note 6.5 to the consolidated financial statements.

The value in use of these assets is calculated on the basis of the value of the discounted future cash flows of the CGUs or groups of CGUs and is based on management's assumptions and estimates, in particular cash-flow projections, taken from the four-year business plans, the

average growth rate used to estimate these flows, and the discount rate applied to them.

The assessments of the recoverable value of goodwill and of the operating licences is deemed a key audit matter due to their weight in your group's accounts and the importance of management's judgment in determining the assumptions on which the value in use estimates are based.

Our response

We examined the compliance of the methodology applied with the accounting standards in effect.

We also conducted a critical review of the manner in which these impairment tests are applied. In particular, we:

- compared the accounting bases tested by management with the items appearing in the consolidated financial statements, in order to ensure that the tests performed concern all goodwill and licences recognised;
- examined the methods for calculating value in use as assessed by discounting future cash flows:
 - review of the budget process and key controls associated with this process;
 - review of the criteria used by management in determining the CGU corresponding to a territorial unit for each activity;
 - examination, on a test basis, of the consistency of the cash flow forecasts with the 2020 budgets prepared by the management, and with the strategic plan approved by the Board of Directors;
 - comparison, on a test basis, of the forecasts used during the previous period for the 2019 financial year with the achievement thereof, in order to analyse the fulfilment of prior objectives.
- examined the perpetual growth rates and the discount rates used by management in calculating value in use by comparing them to our own estimate of these rates, for which we included financial measurement specialists in our teams;
- verified, on a test basis, the arithmetical accuracy of the calculations of the values in use applied.

In addition, we assessed whether the information provided in Note 6.5 to the consolidated financial statements is appropriate and verified the arithmetical accuracy of the sensitivity analysis presented.

First-time application of IFRS 16 “Leases”

Identified risk

As of 1 January 2019, Korian applied IFRS 16 “Leases”, adopting the “modified retrospective approach”, which allows for the cumulative catch-up effect of IFRS 16 to be recognised in equity on the date of first application, without requiring a comparative restatement of prior financial statements, and introduces some simplifying measures. The terms and conditions of application are set out in Note 2 “Impact of first-time application of IFRS 16” in the notes to the consolidated financial statements.

Pursuant to this standard, all leases must be recognised on the balance sheet, with no distinction between finance and operating leases. Accordingly, the rights of use in respect of the leased asset shall be recorded in assets from contract inception, along with an offsetting liability representing the discounted value of the residual rents due over the lease term, calculated using an incremental borrowing rate set on the date of first application.

As a result of the first-time application of the standard, Korian group recognised right-of-use assets with a net value of €3,364 million at 1 January 2019. On that date, lease liabilities in respect of these contracts amounted to €3,592 million after discounting.

In our audit, we deemed the first-time application of IFRS 16 “Leases” as a key audit matter due to their material impact of such leases on your Group's financial statements, the substantial volume of data to be collected and the high degree of management discernment in measuring their value, particularly in terms of the assumptions about the likely terms of such leases and the related discount rates applied.

Our response

Our audit approach involved assessing the relevance and compliance of the Group's chosen methodology for determining its main assumptions with the provisions set out in IFRS 16 “Leases”.

Our audit also involved:

- finding out the procedure and key controls implemented by management in order to apply the standard;
- analysing the methodology used to determine the discount rates used to calculate lease liabilities;
- examining the lease term assumptions applied by management in the calculation of lease liabilities and rights of use of the asset concerned, consistent with the Group's real estate strategy;

- taking samples to compare the data used to determine assets and liabilities in respect of leases with underlying source documents, notably including tenancy agreements;
- assessing the exhaustive nature of the restated leases by analysing the lease expenses prior to restatement and the residual lease expenses following restatement under IFRS 16;
- checking the arithmetical accuracy, on a test basis, of the values of rights-of-use assets and lease liabilities calculated on the basis of management's assumptions.

We also assessed whether the information provided in Note 2 to the consolidated financial statements is appropriate.

Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verification required by law of the information about the Group presented in the Board of Directors' management report.

We have no observation to make as to its accuracy or consistency with the consolidated financial statements.

Pursuant to Article L. 225-102-1 of the French Commercial Code, we hereby confirm that the information presented in the Management Report includes a statement of non-financial performance, it being specified that, in accordance with Article L. 823-10 of said Code, we did not verify the truthfulness of these disclosures or their consistency with the consolidated financial statements. Accordingly, these must be the subject of a report prepared by an independent third party.

Information based on other statutory or regulatory obligations

Appointment of statutory auditors

Mazars was appointed as statutory auditor of Korian SA in the original Articles of Association of 2003, and Ernst & Young et Autres was appointed by your General Meeting of 23 June 2011.

At 31 December 2019, Mazars was in the seventeenth uninterrupted year of its assignment (including fourteen years since the Company's shares were admitted to trading on a regulated market) and Ernst & Young et Autres was in its ninth year.

Prior to our appointment, Ernst & Young Audit had been the Group's statutory auditor from 2006.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view in accordance with the IFRS framework as adopted in the European Union, as well as for setting up the internal

controls it deems necessary to prepare consolidated financial statements that are free of material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, any information in the financial statements necessary for the continuity of operations, and applying the going concern accounting principle, unless it intends to liquidate the Company or cease doing business.

The Audit Committee is responsible for overseeing the process used to prepare financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit system, with respect to the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors in relation to the audit of the consolidated financial statements

Objective and audit approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect all material misstatements. Misstatements may be due to fraud or error and are considered material if it can reasonably be expected that, taken individually or cumulatively, they may influence the economic decisions that users of the financial statements take based thereon.

As specified by Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist of guaranteeing the viability or the quality of the management of your Company.

In accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgment throughout the audit assignment. In addition, it:

- identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects information that it deems sufficient and appropriate to form the basis for its opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, because fraud may involve collusion, falsification, voluntary omissions, misrepresentations or circumventing internal controls;

- reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal control system;
- assesses whether the accounting methods used are appropriate and whether the accounting estimates made by management are reasonable, as well as the information about them provided in the consolidated financial statements;
- assesses whether management's application of the going concern accounting principle is appropriate and, depending on the information collected, whether or not there exists significant uncertainty about events or circumstances that may jeopardise the Company's ability to continue its business. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, it draws the attention of the readers of its report to the information provided in the consolidated financial statements about such uncertainty or, if this information is not provided or is not relevant, it issues a qualified or an adverse opinion;
- assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events in a manner that gives a true and fair view thereof;
- obtains sufficient appropriate audit evidence regarding the financial information about the persons

or entities included in the consolidation scope to express an opinion on the consolidated financial statements. It is responsible for managing, supervising and performing the audit of the consolidated financial statements, as well as for the opinion expressed about the financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee, notably outlining the scope of the audit work and the work programme implemented, as well as the conclusions based on our work. Where applicable, we also report significant deficiencies in internal control that we have identified in respect of accounting and financial reporting procedures.

The information provided in the report to the Audit Committee includes the risks of material misstatement that we consider to have been the most significant for the audit of the consolidated financial statements for the period and, as such, constitute key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the statement required by Article 6 of regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down, in particular, by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French code of ethics for statutory auditors (*Code de déontologie des Commissaires aux comptes*). Where appropriate, we discuss with the Audit Committee any risks to our independence and the safeguards in place.

Courbevoie and Paris-La Défense, 28 February, 2020

The Statutory Auditors

MAZARS

Anne Veaute

ERNST & YOUNG et Autres

May Kassis-Morin

6.3 Annual financial statements at 31 December 2019

Separate financial statements (unless otherwise indicated, all amounts are expressed in thousands of euros – €k).

Statement of financial position

Assets

Assets	31.12.2019	31.12.2018
Intangible assets	51,517	19,842
Property, plant & equipment	14,261	11,270
Financial assets <i>o/w equity interests and related loans and receivables</i>	3,190,275 2,698,467	3,038,304 2,363,386
Total non-current assets	3,256,053	3,069,416
Progress payments and instalments to suppliers	228	0
Trade receivables	143,745	89,200
Other receivables	1,495,905	1,006,641
Cash	166,553	294,002
Marketable securities	50,898	86,455
Prepaid expenses	8,706	1,328
Total current assets	1,866,035	1,477,626
Debt issuance costs/Bond redemption premiums	11,525	12,259
TOTAL ASSETS	5,133,613	4,559,301

Liabilities

Liabilities	31.12.2019	31.12.2018
Share capital	413,641	409,882
Share premium	1,003,503	982,765
Legal reserve	34,924	31,442
Retained earnings	38,079	21,147
Other reserves	128,516	128,516
Profit/(loss)	66,961	69,630
Regulated provisions	2,432	2,424
Net position	1,688,056	1,645,806
Provisions for risks and expenses	5,151	2,333
Other bonds	1,563,962	1,573,492
Loans from credit institutions	777,445	576,253
Sundry loans and other liabilities	1,015,453	705,433
Trade payables	28,836	30,701
Tax and social security liabilities	37,276	19,598
Suppliers of non-current assets	14,478	2,300
Other liabilities	2,847	3,230
Total operating liabilities	3,445,448	2,913,340
Deferred income	109	155
TOTAL LIABILITIES	5,133,613	4,559,301

Income statement

	31.12.2019	31.12.2018
Operating income	-	-
Sales of goods	-	-
Revenue	130,980	83,774
Capitalised production (long-term inventory)	9,385	6,000
Operating subsidies	-	-
Reversals of provisions and invoiced expenses	1,483	1,912
Other revenue	3	-
Total	141,851	91,686
Goods purchased for resale		
Other external purchases and expenses	76,119	68,466
Income tax and other taxes	2,826	2,918
Wages	39,414	33,548
Social security contributions	17,189	14,782
Allowances		
• depreciation and amortisation of non-current assets	10,712	11,433
• depreciation and amortisation of current assets	33	-
• provisions for risks and expenses	3,839	183
Other expenses	1,089	976
TOTAL OPERATING EXPENSES	151,221	132,306
Operating results	-9,370	-40,620
Share of operating result	186	
Financial income	115,122	146,828
Financial expenses	55,399	58,669
Net financial income	59,723	88,159
Net profit/(loss) from continuing operations	50,539	47,539
Non-recurring income	6,630	6,083
Non-recurring expenses	381	9,874
Non-recurring profit (loss)	6,249	-3,791
Income tax	-10,173	-25,882
Net accounting profit/(loss)	66,961	69,630

Notes to the individual company financial statements at 31 December 2019

Korian SA prepares the consolidated financial statements in its capacity as parent company of the Group, which has its registered office at 21-25, rue Balzac in the 8th *arrondissement* of Paris.

Accounting rules and methods

The financial statements were prepared in compliance with Regulation No. 2014-03 of the French Accounting Standards Authority (ANC), the French General Chart of Accounts and any subsequent rules and regulations in effect. The general accounting conventions of the French General Chart of Accounts were observed, in accordance with the principle of conservatism and on the basis of the following assumptions:

- going concern;
- independence of accounting periods;
- consistency of accounting methods accounting periods; and
- observance of general rules for preparing and presenting accounting financial statements.

The basic valuation method used is the historical cost method. The main accounting methods used are described below.

Main accounting methods

Intangible assets

Non-current assets are carried at their acquisition cost, which is the purchase price plus any costs that can be directly attributed to the acquisition. Software licences are capitalised and amortised over a period of five years. Purchased software is capitalised and amortised over a period of three years, while stand-alone applications developed internally are capitalised and amortised over a period of five years. In some cases, involving the use of IT developments over long periods, the costs of IT projects are amortised over a useful lifespan of more than five years, up to a maximum of seven years.

Property, plant & equipment

Property, plant and equipment are carried at their acquisition cost, which includes the purchase price and any directly attributable costs.

Depreciation of all Group PPE is calculated on a straight-line basis over the following expected useful lives:

- building fixtures (varies depending on components): 7 to 50 years;
- industrial equipment: 5 years;
- Furniture and office equipment: 10 years;
- IT equipment: 3 years.

Equity investments and other long-term investments

Equity investments are measured at their acquisition cost plus any incidental expenses, which are amortised over an accelerated period of five years. If the acquisition cost is greater than the value in use or the market value, a provision for impairment is recognised in the amount of the difference.

The market value is measured using observed recent market data.

The value in use of each subsidiary's equity is the difference between the subsidiary's enterprise value and its net debt on the balance sheet date.

The enterprise value of each subsidiary is calculated on the basis of future cash flows, which are in turn based on the economic assumptions and estimated operating conditions applied by Group management for business activity under consideration (France Seniors and France Santé businesses), according to the following principles:

- pre-tax Cash flows are based on the Group's revised annual budget, as prepared by the Financial Control department and approved by the Board of Directors;
- the discount rate is the estimated weighted average cost of capital for each country (6% for France, 5.5% for Germany, 6% for Belgium and 6.5% for Italy);
- cash flow projections for the period 2020-2023 are calculated in accordance with the Group's strategic plan. The calculation also includes a year of normative cash flow, with a prospective perpetual growth rate to infinity of 1.75%. This growth rate is consistent with the growth potential of the markets in which the Group operates and its competitive position in these markets.

At 31 December 2019, the valuation of equity interests resulted in the recognition of a reversal, net of allowances, of -€2,908 thousand.

Receivables

Receivables are measured at their nominal value. Where necessary, an impairment provision is recorded to account for past or potential collection difficulties.

Financial instruments and hedge accounting

The rules for hedge accounting are specified in the French General Chart of Accounts ("PCG") under articles 628-6 to 628-17, which were added to the French Accounting Standards Authority (ANC) Regulation No. 2015-05 on financial futures and hedging transactions. They apply to all hedges regardless of type.

Marketable securities

Marketable securities are valued at the lower of their acquisition cost or market value. Treasury shares are recognised at acquisition cost. An impairment provision is recognised when the market value is less than the acquisition cost.

Cash and cash equivalents

Cash consists of bank balances.

In the last quarter of 2007, a cash pooling agreement was agreed between the Company and most of the Korian group's French subsidiaries at that time. Other Group companies obtain financing from Korian through loans or current accounts.

In 2019, Korian signed a cash management agreement with companies in Spain and those acquired in France during the period.

Currency risk

All financial flows are made within the eurozone.

Interest rate risk

Most of the Company's borrowings are at a variable rate and interest-rate risk is hedged using derivative instruments.

Bond issuance and borrowing costs

Bond issuance and borrowing costs are recorded under external expenses and are amortised over the life of the bond.

Key events during the year

Main financing activities

In May 2019, Korian SA renegotiated the syndicated loan agreement initially signed in 2016. As a result of this renegotiation, the principal amount was increased from €100 million to a total of €500 million to be repaid at

maturity. The revolving tranche was reduced by €100 million to €500 million (not drawn down at 31 December). The maturity of the loan was extended by three years through to May 2024 and the applicable margin grid was adjusted by -40bp.

The €60 million revolving credit facility arranged with the bank CICI was also renewed, with no change in the interest rate terms, until December 2021

Korian SA also arranged a private issue of German law registered NSV bonds with a total nominal value of €100 million and a term of 15 years. The bonds pay a coupon of 2.25% and are redeemable at maturity. The Group paid €7.3 million in interest at issuance.

During the same period, Korian redeemed two unlisted bond issues for €40 million (April 2019) and €67.5 million (August 2019), respectively.

Increase in share capital and dividend payment in newly issued shares

Following shareholder approval at the 2019 General Meeting, the Company distributed a dividend of €0.60 per share, with the option to receive payment in shares (based on a share price of € 32.93). On 3 July 2019, 742,707 new shares were issued in respect of this option. The shares carry dividend rights as of 1 January 2018 and enjoy the same rights as the outstanding ordinary shares. The cash dividend totalled €49.2 million.

The Company's share capital now stands at €413,641,350 and is divided into 82,728,270 shares.

Financial assets

Equity investments increased by €337.4 million following the Group's expansion into new geographies (€38.2 million for Stepping Stones in the Netherlands and €63.3 million for the 2018 acquisition of Korian Residencias) and the capital increases made to strengthen the subsidiaries' balance sheets (chiefly that of Korian Deutschland, at €232.3 million in 2019).

Main items on the Statement of Financial Position and the Income Statement

Non-current assets, depreciation and amortisation

Non-current assets	31.12.2018	Acquisitions	Disposals	31.12.2019
Concessions, patents and similar rights	47,466	27,898	-	75,364
Non-current assets in progress	3,968	8,198	-	12,166
Business goodwill (technical merger loss)	-	-	-	-
General fittings	4,126	480	-	4,606
Office and IT equipment	20,926	5,470	-	26,396
Equity interests and related loans and receivables	2,368,966	337,449	-9	2,706,406
Other financial assets	674,918	55,122	-276,471	453,569
TOTAL	3,120,370	434,617	-276,480	3,278,507

Depreciation and amortisation	31.12.2018	Allowances	Reversals	31.12.2019
Concessions, patents and similar rights	31,371	7,229	-	38,600
General fittings	1,262	363	-	1,625
Office and IT equipment	12,741	2,747	-	15,488
TOTAL	45,374	10,339	-	55,713

Provisions	31.12.2018	Allowances	Reversals	31.12.2019
On equity interests	4,755	2,957	-49	7,663
On the technical merger loss	-	-	-	-
On borrowings	-	-	-	-
TOTAL	4,755	2,957	-49	7,663

Depreciation and amortisation expenses were recognised under operating expenses. Adjustments to provisions on equity investments were recognised under financial income.

"Other property, plant, and equipment in progress" mainly correspond to capitalised production and service provider costs for the development and roll-out of internal software packages and software (€12,166 thousand).

Equity interests

Korian is the Group's parent company. It holds the shares of the companies listed in the table below (amounts are in euros).

Name of company owned	Number of securities owned	Number of securities issued	% interest	Gross value of securities	Impairment of securities	Net value of securities	Share capital	Annual profit/loss	Net position excluding share capital	Dividends received by Korian SA	Loans and advances granted by Korian SA
SLG	4,738	4,738	100.00%	142,848,576	-	142,848,576	25,595,679	10,028,296	67,167,851	-	-
KORIAN DEUTSCHLAND	1	251	0.40%	469,727,701	-	469,727,701	121,478	-17,150,603	316,177,749	-	-
KORIAN MANAGEMENT	120,000	120,000	100.00%	800,275	-384,859	415,416	120,000	-80,689	214,727	-	-
SEGESTA	6,842,865	6,842,865	100.00%	385,511,361	-	385,511,361	6,842,865	-4,347,032	252,451,322	-	-
KORIAN RESIDENCIAS SPAIN	3,000	3,000	100.00%	63,345,000	-	63,345,000	3,000	-1,946,280	61,390,190	-	-
STEPPING STONES HOME & CARE HOLDING B.V.	18,000	18,000	100.00%	38,237,936	-	38,237,936	18,000	-155,411	8,769,607	-	-
SCI PERREUX	N/A	N/A	22.00%	60,980	-	60,980	N/A	-	-	41,615	-
MEDIDEP FONCIER	500	500	100.00%	2,875,031	-	2,875,031	7,500	1,676,274	2,686,196	1,698,410	-
KORIAN SANTÉ	4,000	4,000	100.00%	8,000,920	-	8,000,920	60,980	259,899	265,996	5,332,223	86,606,522
KORIAN IMMOBILIER	200	200	100.00%	3,203	-	3,203	3,049	-1,131,812	-2,241,215	-	61,117,882
KORIAN DOMICILES	1,000	1,000	100.00%	100,000	-	100,000	100,000	-760,751	-772,813	-	22,267,689
LA MOULINIÈRE	100	100	100.00%	1,996,919	-1,573,282	423,637	76,225	-2,711	342,730	-	-
KORIAN PARTENAIRE	500	500	100.00%	5,000	-	5,000	5,000	-7,122	-73,794	-	64,154
FONCIÈRE AGES ET VIE	630,000	2,100,000	30.00%	2,529,900	-	2,529,900	2,200,000	-351,496	5,881,504	-	8,286,475
KORIAN ASSET - PROPERTY MANAGEMENT	100	100	100.00%	1,000	-	1,000	1,000	-	-	-	-
PRIVATEL	23,400	23,400	100.00%	7,419,922	-	7,419,922	356,731	49,065	40,653	-	15,751,305

Name of company owned	Number of securities owned	Number of securities issued	% interest	Gross value of securities	Impairment of securities	Net value of securities	Share capital	Annual profit/loss	Net position excluding share capital	Dividends received by Korian SA	Loans and advances granted by Korian SA
HOLDING HOSPITALIÈRE DE TOURAINE	2,520	2,520	100.00%	1,551,438	-	1,551,438	40,320	23,919	509,110	1,106,556	1,962,880
LE NORD COTENTIN	15,000	15,000	100.00%	10,637,761	-	10,637,761	915,000	218,103	309,605	833,620	81,195
CENTRE WILLIAM HARVEY	4,000	4,000	100.00%	18,425,594	-	18,425,594	308,000	1,045,994	1,942,071	1,021,890	287,051
HOLDING AB	20,017	20,177	99.21%	3,967,264	-	3,967,264	403,540	-187,490	4,448,518	-	-
SCI HOLDING IMMOBILIÈRE	1	100	1.00%	100	-	100	13,110,000	-6,357	-14,992	-	43,183
SAS KORIAN IMMOBILIER ALLEMAGNE	100	100	100.00%	10,000	-	10,000	10,000	221,797	-265,148	-	108,697,848
SAS KORIAN IMMOBILIER FRANCE	55,006	55,100	100.00%	14,500,600	-	14,500,600	14,510,000	-324,002	-818,211	-	5,000,464
SCI CCN	49	50	98.00%	213,161	-	213,162	760	296,985	296,987	-	3,652,190
MEDICA FRANCE	3,353,682	3,353,682	100.00%	1,005,896,274	-	1,005,896,274	50,976,012	11,470,545	121,211,105	31,957,794	691,308,625
LA BASTIDE DE LA TOURNE	2,500	2,500	100.00%	12,707,293	-	12,707,293	38,112	70,278	125,413	1,617,343	-
LA NORMANDIE	N/A	N/A	100.00%	584,388	-	584,388	N/A	-	-	-	-
GRAND'MAISON	2,500	2,500	100.00%	7,138,788	-	7,138,788	38,112	154,935	2,959,258	-	-
FURTADO GESTION	2	10,420	0.02%	248,200	-248,200	-	N/A	-	-	-	-
LES ISSAMBRES	63,282	63,282	100.00%	2,495,000	-	2,495,000	964,728	371,198	4,378,562	-	-
SOCIÉTÉ GÉRONTOLOGIQUE DU CENTRE OUEST - SGCO	129	2,500	5.16%	34,139	-	34,139	38,112	191,872	1,551,864	-	-
SOCIÉTÉ HOSPITALIÈRE DE TOURAINE	1,310	3,899	33.60%	2,736,389	-	2,736,389	58,485	-352,270	731,012	-	-
SCI LE TEILLEUL	2,750,000	2,750,000	100.00%	2,447,655	-115,581	2,332,074	2,750,000	887,237	694,611	-	-
KORIAN LES ARCADES	504	504	100.00%	14,953,525	-	14,953,525	40,320	651,502	656,096	1,864,064	154,382
RÉSIDENCE MAGENTA	500	500	100.00%	18,272,718	-	18,272,718	40,000	716,404	720,621	2,019,276	-
LE CLOS CLÉMENT 77 RESIDENCE DU BOIS CLÉMENT	2,500	2,500	100.00%	4,609,661	-	4,609,661	38,112	200,764	2,863,755	-	-
KORIAN BRUNE	500	500	100.00%	17,902,471	-	17,902,471	38,500	941,047	944,897	2,229,095	1,700,418
KORIAN LES LILAS	504	504	100.00%	11,415,425	-	11,415,425	40,320	553,050	560,398	1,992,871	-
SAINT-CYR GESTION	76,004	76,004	100.00%	2,233,644	-	2,233,644	2,147,040	531,193	1,765,618	-	-
KORIAN FLORIAN CARNOT	8,500	8,500	100.00%	12,798,013	-	12,798,013	136,000	879,925	1,746,183	897,475	-
LIERRES GESTION	40,000	40,000	100.00%	5,114,002	-	5,114,002	448,000	465,194	2,373,461	-	-
KORIAN LES BÉGONIAS	24,166	28,568	84.59%	121,707,160	-	121,707,160	1,062,825	-2,823,534	19,386,997	7,414,135	-
MEDOTELS	73,763	73,763	100.00%	149,254,403	-	149,254,403	1,124,886	-1,393,558	95,761,048	23,122,562	149,811,935

Name of company owned	Number of securities owned	Number of securities issued	% interest	Gross value of securities	Impairment of securities	Net value of securities	Share capital	Annual profit/loss	Net position excluding share capital	Dividends received by Korian SA	Loans and advances granted by Korian SA
CLINIQUE DE SOINS DE SUITE ET RÉADAPTATION CHÂTEAU DE GLETEINS	6,250	6,250	100.00%	7,078,053	-	7,078,053	100,000	-142,825	258,343	245,289	194,694
LA PINÈDE	250	250	100.00%	2,855,691	-	2,855,691	38,250	537,957	3,628,423	-	-
KORIAN LES OLIVIERS	1,000	1,000	100.00%	11,528,594	-	11,528,594	304,898	984,508	2,033,192	903,270	1,815,205
CENTRE DE RÉADAPTATION FONCTIONNELLE DE CAEN	3,700	3,700	100.00%	5,880,337	-	5,880,337	37,000	201,405	703,029	381,796	223,316
CLINIQUE CARDIOLOGIQUE DE GASVILLE	2,500	2,500	100.00%	4,492,332	-4,320,784	171,548	37,500	-820,316	-1,808,266	-	1,705,286
LES FLOTS	44	1,057	4.16%	967,416	-568,098	399,318	16,172	238,722	1,224,369	-	196,346
CENTRE MÉDICAL INFANTILE MONTPRIBAT	2,505	2,505	100.00%	9,439,235	-	9,439,235	38,188	-501,013	284,498	46,561	527,255
CENTRE DE RÉÉDUCATION FONCTIONNELLE DE SIOUVILLE	70	6,000	1.17%	537,749	-452,194	85,555	96,000	-1,201,810	39,395	-	273,384
LE MONT BLANC	30	60,000	0.05%	1,906	-	1,906	960,000	-540,419	-9,662,501	-	9,016,094
CLINIQUE DU CANAL DE L'OURCQ	3,700	3,700	100.00%	987,532	-	987,532	37,000	-21,738	-8,552,644	-	10,218,467
HAD YVELINES SUD	3,700	3,700	100.00%	7,162,403	-	7,162,403	37,000	-11,995	651,234	568,162	13,286,129
SOCIÉTÉ NOUVELLE DE LA CLINIQUE DU MESNIL	382	382	100.00%	18,415,745	-	18,415,745	131,100	1,057,526	3,102,790	1,147,202	-
CENTRE DE SOINS DE SUITE DE SARTROUVILLE	3,700	3,700	100.00%	11,319,598	-	11,319,598	37,000	601,404	1,484,281	592,876	-
LES TROIS TOURS	1,606	5,606	28.65%	3,481,187	-	3,481,187	85,463	2,365,895	5,482,912	-	-
CLINIQUE DE SACLAS	1,000	1,000	100.00%	14,811,685	-	14,811,685	701,000	658,077	1,172,248	832,617	-
SOCIÉTÉ CLINIQUE SOINS DE SUITE NOISY LE SEC	2,500	2,500	100.00%	8,217,300	-	8,217,300	38,112	-416,728	119,693	340,465	810,893
CLINIQUE DE LIVRY-SULLY	3,500	3,500	100.00%	10,488,743	-	10,488,743	140,000	767,250	1,921,236	811,179	-
SOCIÉTÉ D'EXPLOITATION CLINIQUE DU PERREUX	2,500	2,500	100.00%	15,259,708	-	15,259,708	38,112	1,182,761	2,129,464	1,129,488	-
KORIAN SOLUTIONS	100	100	100.00%	1,000	-	1,000	1,000	-	-	-	-
NEWCO BEZONS	6,966	6,966	100.00%	8,160,371	-	8,160,371	111,456	216,827	1,062,189	320,599	-

Receivables maturity schedule

Statement of receivables	Total	Due in <1 year	Due in >1 year
Loans and receivables related to equity interests	491,412	1	491,411
Other financial assets	396	-	396
Other trade receivables	143,749	143,749	-
Personnel and related accounts	111	111	-
Social security and similar bodies	251	251	-
Government and local authorities			
• Income tax	-	-	-
• Value added tax	3,637	3,637	-
• Misc.	550	550	-
Group and associates	1,489,192	-	1,489,192
Sundry debtors	2,160	2,160	-
Prepaid expenses	8,706	1,208	7,499
TOTAL	2,140,164	151,667	1,988,498

Marketable securities and cash

Available cash in bank was stated at its nominal value.

Korian's treasury shares are valued using the weighted average price method. The table below shows the change in treasury shares over the year.

<i>In euros</i>	Number	Amount
Balance at 31.12.2018	46,386	1,455,230
2019 Purchases	913,881	32,252,913
2019 Sales	938,242	32,809,648
2019 Net gain/(loss) on disposal	-	548,820
BALANCE AT 31.12.2019	22,025	898,495

Prepaid expenses

Deferred income is detailed in the table below.

Prepaid expenses	2019	2018
Maintenance	565	423
Swap cash payments and interest expense on derivative instruments	7,499	446
Other	621	459
Rent	21	-
TOTAL	8,706	1,328

Deferred income

Deferred income is detailed in the table below.

Deferred income	2019	2018
Management commissions	109	155
Work and project management	-	-
TOTAL	109	155

Accrued income and expenses

Accrued income or expense	Income	Expense
Accrued interest on loans	3,991	644
Accrued interest on bonds	-	9,962
Accrued interest on swaps	-	852
Suppliers, invoices not yet received	-	16,284
Non-Group trade receivables, invoices to be issued	6,983	-
Group trade receivables, invoices to be issued	348	-
Social security liabilities	111	8,729
Social security contributions on social security liabilities	-	3,950
Accrued income/expenses – Government	2,473	2,490
Accrued interest on current accounts	7,271	1,888
Accrued bank interest	19	77
TOTAL	21,196	44,876

Changes in shareholders' equity

Statement of changes in equity

Changes in shareholders' equity	<i>In thousands of euros</i>
At start of year	1,645,806
Capital increase	3,759
Additional paid-in capital	20,738
Legal reserve	3,481
Other reserves	-
Retained earnings	16,933
Allocation of 2018 net income	-69,630
2019 profit/(loss)	66,961
Regulated provisions	8
AT YEAR END	1,688,056

"Regulated provisions" pertain to accelerated amortisation of security purchase costs.

Provisions for risks and expenses

Provisions for risks and expenses are shown in the table below.

<i>In thousands of euros</i>	31.12.2018	Allowances	Reversals		31.12.2019
			Used	Not used	
Other provisions for risks and expenses	234	3,702	-125	-	3,811
Provisions for wage-related claims and disputes	2,099	137	-896	-	1,340
TOTAL	2,333	3,839	-1,021	-	5,151

Provisions for wage-related claims and disputes mainly concern industrial tribunal cases. Other provisions include provisions taken for miscellaneous legal disputes.

Financial liabilities

Amounts owed to credit institutions	2019	2018
Bank overdrafts	77	62
Redemption premium	723	963
Total	800	1,025
Bank loans		
• <1 year	60,000	60,000
• >1 year	500,000	400,000
Accrued interest	644	1,228
Total bank loans	560,644	461,228
Issuance of short-term negotiable debt securities	216,000	114,000
TOTAL BANK DEBT	777,444	576,253

On 31 December 2019, Korian's gross borrowings consisted of:

- €500 million under the syndicated loan;
- €60 million of medium-term borrowings;
- €644 thousand in accrued interest;
- €216 million in short-term negotiable debt securities (previously commercial paper).

Liabilities maturity schedule

Statement of debt and liabilities	Total	<1 year	<1 year and <5 years	>5 years
Other bonds	1,563,962	84,962	1,228,000	251,000
Loans and other borrowings	777,445	277,445	500,000	-
Sundry loans and other financial liabilities	911	852	-	59
Trade payables and related accounts	28,836	28,836	-	-
Personnel and related accounts	8,729	8,729	-	-
Social security contributions, other social contributions	6,532	6,532	-	-
Gov.: Income tax	7,053	7,053	-	-
Gov.: VAT	13,110	13,110	-	-
Gov.: other taxes	1,852	1,852	-	-
Suppliers of non-current assets	14,478	14,478	-	-
Group and associates	1,014,542	1,014,542	-	-
Other liabilities	2,847	2,847	-	-
Deferred income	109	109	-	-
TOTAL	3,440,406	1,461,347	1,728,000	251,059

Breakdown of statement of financial position and income statement items for affiliates and equity holdings

Financial income and expenses	Amount for affiliated companies	Amount for equity interests
Loans	490,411	-
Gross equity interests	2,706,084	321
Debit balance current accounts	1,489,195	-
Credit balance current accounts	1,014,542	-
Financial expenses	1,888	-
Financial income	112,499	43

Revenue

In 2019, Korian generated revenue of €125,387 thousand in France and €5,594 thousand abroad, most of which as a result of the services it provides. Revenue breaks down as follows.

	2019	2018
Subsidiary management fees	88,826	57,486
Invoicing of subsidiaries	17,560	1,895
Reinvoiced employee expenses	1,190	2,971
Other reinvoiced items	1,141	1,248
Service agreements	21,963	19,878
Reinvoiced property rental expenses	301	296
TOTAL	130,981	83,774

The increase in revenue reflects the rise in subsidiary management fees and invoicing, as a result of the higher cost base applied to the re-invoicing of subsidiaries in 2019.

Transferred operating expenses

These totalled €1,320 thousand. They include:

- reimbursement of training costs (€572 thousand);
- reimbursement of sick pay and benefits in kind (€743 thousand);
- other (€5 thousand).

Operating expenses

Purchases and external expenses

The most significant purchases and external expenses are shown in the following table.

Non-recurring income and expenses	2019	2018
Purchases to reinvoice	1,605	1,090
Subcontracting	5,645	5,363
Property Leases	2,552	2,453
Equipment rental expenses	1,693	1,401
Maintenance	5,577	4,120
Temporary employee expenses	909	1,135
Technical assistance services	10,669	11,816
Professional fees	30,087	25,803
Travel expenses	4,587	3,304
Telecommunications	2,425	2,027
Banking services	2,916	4,698
Recruitment costs	960	586
Other expenses	6,495	4,670
TOTAL	76,120	68,466

In 2019, Korian SA paid its Statutory Auditors, Mazars and Ernst & Young, total fees of €599 thousand for the statutory auditing and certification of its annual

accounts. Most of the increase in professional fees was attributable to the Group's acquisitions.

Taxes

See the table below.

Non-recurring income and expenses	2019	2018
Taxes and duties on compensation	714	1,599
Corporate value-added tax/Corporate real estate contribution	1,006	416
Real estate tax	257	320
Non-recoverable VAT	444	344
Vehicle tax	83	74
Organic	209	97
Other taxes	112	68
TOTAL	2,825	2,918

Wages and social security contributions

See the table below.

Non-recurring income and expenses	2019	2018
Wages and salaries	39,414	33,548
Social security contributions	17,189	14,782
TOTAL	56,603	48,330

Average workforce

The average workforce over the year was 513 employees. For more information see the table below.

Type of employee	2019	2018
Managerial staff	411	334
Other employees	102	111
TOTAL	513	445

Financial income and expenses

See the table below.

Financial income and expenses	2019		2018	
	Income	Expense	Income	Expense
Financial income from equity interests	90,468	-	125,176	-
Interest on current accounts	7,271	1,888	5,192	594
Interest on borrowings	-	43,887	-	48,464
Cost of financial instruments	-	6,412	-	7,082
Income from loans	14,803	-	10,638	-
Provisions	414	3,053	3,552	1,605
Other	2,166	159	2,269	923
TOTAL	115,122	55,399	146,827	58,668

Non-recurring income and expenses

See the table below.

Non-recurring income and expenses	Income	Expense
Disposal of property, plant and equipment	-	-
Tax accelerated depreciation	-	8
Securities transactions	4,649	9
Sundry non-recurring income	1,981	-
Sundry non-recurring expenses	-	364
TOTAL	6,630	381

Off-balance sheet commitments

Joint and several guarantees on rental payments

Since the Group's creation, Korian has secured the leases between its subsidiaries and institutional lessors, chiefly by means of a surety or a rental guarantee. In addition, under the finance lease transactions arranged since December 2009, Korian is guarantor for the lease commitments of its subsidiaries.

Commitments given

To relieve its subsidiaries Curanum AG and Korian Management AG of their obligation to publish financial statements in Germany, Korian provides them with an annual "letter of support".

Disputes

To the knowledge of the Company and its legal advisors, there are no disputes that are not covered by provisions and which are likely to have a material impact on its business, results or financial position.

The fair value of these instruments is shown in the table below.

<i>In millions of euros</i>	Value at 31 December 2019	Nominal
Swap	-26.50	610.0
Cap	2.70	531.3

Asset and liability guarantees received

In accordance with its usual practice, the Group has obtained guarantees on the liabilities of all of its acquisitions.

Asset and liability guarantees given

When selling companies outside of the Group, Korian has granted guarantees on tax, tax-related, customs duties and social security liabilities that cover the entire period during which these liabilities may be claimed. Guarantees on all other liabilities are valid for 18 months after the transfer of title.

Pension commitments

The estimated current value of the Company's pension commitments to all of its employees is based on the following assumptions:

- calculation method used: projected credit unit;
- female mortality table: TGF05;
- male mortality table: TGH05;
- discount rate: 0.63%;
- collective bargaining agreement: CCU;
- retirement age: 60 to 64 years;
- conditions: retirement is at the employee's initiative.

Severance payments totalled €2,004 thousand at 31 December 2019, compared to €1,438 thousand at 31 December 2018, following the decrease in interest rates. No provisions were taken for this amount in the company's financial statements.

Derivative financial instruments (at fair value)

The Company uses derivative financial instruments (swaps and caps) to hedge the interest rate risk associated with its variable-rate financing.

Bank guarantees given

On 21 July 2016, Korian refinanced its syndicated loan agreement. Under the new agreement, compliance with the debt ratio (net debt - real estate debt)/(EBITDA -6.5% of real estate debt) must be tested Group-wide on a semi-annual basis. The leverage thus calculated must not exceed 4.75 at 30 June and 4.5 on 31 December, over the term of the loan.

Bank guarantees received

Korian holds a €976 thousand independent bank guarantee payable on first demand.

Repurchase commitments

Korian has agreed to buy back equity interests in Seniors Santé group subsidiaries at the seller's request:

- Block 3: purchase of an additional 20% when approval is obtained from the safety commission.

Share-based payments

2016 Performance units plan

On 14 September 2016, the Board of Directors approved a long-term variable compensation plan for certain members of General Management, including the Chief Executive Officer, to reward them for achieving the objectives of the five-year strategic plan. This performance unit plan grants the right to one Korian share (or its equivalent value in cash) during the vesting period running from 14 September 2016 until 30 June 2019 (the "Vesting Date").

At 31 December 2018, there were 108,990 free shares available under this plan (assuming all shares were converted) and at 30 June 2019 (the Vesting Date) a total of 108,990 shares were granted (50% in equity and 50% in cash). The cost of the 2016 Performance units plan is €1,927 thousand (excluding social security charges) at 31 December 2019.

Free shares plan implemented from 2017

The free shares granted to certain members of General Management and corporate officers are contingent on the fulfilment of performance conditions:

- 2017 plan: based on the revenue and EBITDA per share generated in 2019 relative to the objectives set out in Korian's 2020 plan, and Korian's share price relative to the performance of the SBF 120 index over the vesting period;
- 2018 plan: based on the revenue and EBITDA per share generated in 2020 and Korian's share price relative to the performance of the SBF 120 index over the vesting period;
- 2019 plan: based on the revenue and EBITDA per share generated in 2021 and Korian's share price relative to the performance of the SBF 120 index over the vesting period.

Once vested, the shares may be freely sold, except by corporate officers of Korian SA, which will have an obligation to hold at least 25% of these shares.

Other information

Compensation paid to executive bodies

The following compensation was paid to the executive bodies for fiscal 2019:

- 2019 fixed compensation: €2,646 thousand;
- variable compensation: €2,573 thousand;
- other benefits, including company cars: €603 thousand.

Compensation paid to management bodies

For 2019, a gross amount of € 375,054 was paid as attendance fees to the members of the Board of Directors and as compensation for the Board Observer.

The members of the Board are also entitled to reimbursement, on production of receipts, of travel expenses incurred in attending Board and specialised committee meetings. Directors, other than the Chairman of the Board and the Board Observer, did not receive any other components of compensation for 2018 from the Company.

Article 1.9 of the Board of Directors' Internal Regulations provides for the following allocation of attendance fees:

- of the annual total amount of attendance fees of €375,054:
 - the sum of €350,000 will be divided among the directors as a fixed payment and on the basis of their actual attendance at Board and committee meetings,
 - the balance of €25,054 is used to pay (i) an additional attendance fee to non-resident independent Directors and (ii) compensation for services rendered by the Board Observer(s);
- the sum of €350,000 will be divided among the directors in accordance with the following rules:
 - 45% of the above amount of attendance fees will be divided equally among Board members as a fixed payment, with the Chairman entitled to double fees and independent directors to sextuple fees,
 - 30% of the above amount will be divided among Board members in proportion to the number of Board meetings they attend, with the Chairman entitled to double fees,
 - 25% of the above amount will be divided among the members of the various committees in proportion to the number of committee meetings they attend, with the Chairman of each committee entitled to double fees.

A Director who takes part in a Board or committee meeting via a telephone conference call will only be entitled to half of the fixed portion of directors' fees.

If, exceptionally, a committee meeting is held (i) during a suspension of a Board of Directors' meeting, or (ii) immediately before, or (iii) immediately after a Board meeting, compensation will be paid only for the Board of Directors' meeting.

If more than one Board of Directors' meeting is held on the same day, in particular on the day of the Annual General Meeting, Directors' attendance at such meetings will be counted as attendance at one meeting.

Tax consolidation

In the absence of a written tax consolidation agreement, relations between companies in the tax consolidation group are governed by the neutrality principle. Accordingly, income tax expense is incurred by subsidiaries as if they were taxed separately. The annual tax savings achieved through the consolidated tax group, resulting from the various tax deficits, adjustments, and tax credits, is retained by the parent company

Korian and is treated as an immediate gain for the fiscal year.

As the parent company, Korian will bear the income tax expense calculated on the basis of the group's taxable profit.

The Korian consolidated tax group comprised 133 companies in 2019 (including Korian). In the absence of a tax consolidation agreement, the Group's net income tax expense for 2019 would have been €33,569 thousand. The tax consolidation regime generated a tax saving of €9,733 thousand for the parent company.

After adjusting for dividends not eligible for the parent-subsidiary scheme, the current taxable income of the tax consolidation group came to €69,376 thousand in 2019.

The Group also received €321 thousand in tax credits for its patronage initiatives.

Korian SA alone posted tax income of €10,045 thousand, consisting mainly of a €9,733 thousand gain on tax consolidation and €313 thousand in tax credits corporate patronage.

Taxes

	Before tax	Income tax	After tax
Net profit/(loss) from continuing operations	50,539	-	50,539
Non-recurring profit (loss)	6,249	-	6,249
Impact of tax consolidation and tax credits	-	-10,173	-10,173
Accounting profit/(loss)	56,788	-10,173	66,961

Increases and decreases in future tax liabilities

Increases

• Reallocation of tax deficits to subsidiaries	€ 69,599,804
• For a future tax expense of	€ 22,285,857

Decreases

• Organic	€ 209,391
• For a future tax reduction of	€ 67,005

6.4 Statutory Auditors' report on the annual financial statements

For the year ended 31 December 2019

To the Shareholders,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meetings, we have audited Korian SA's annual financial statements for the financial year ended 31 December 2019, as appended to this report.

We hereby certify that, in respect of French accounting rules and policies, the annual financial statements are true and accurate and give a fair view of the results of the Company's operations during the financial year ended 31 December 2019, as well as its financial position and assets and liabilities for the year then ended.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We performed our audit in accordance with the professional standards applicable in France. We consider that the audit evidence that we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the section "Responsibilities of the statutory auditors

relating to the audit of the annual financial statements" of this report.

Independence

We performed our audit assignment, from 1 January 2019 to the date of our report, in accordance with the independence rules applicable to us. In particular, we did not provide services prohibited by Article 5 (1) of regulation (EU) No. 537/2014 or by the French Code of ethics for statutory auditors (*Code de déontologie des Commissaires aux comptes*).

Justification for our assessments – Key audit matters

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification for our assessments, we hereby inform you of the key audit matters relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements for the year ended December 31, 2019, as well as the responses we provided in relation to these risks.

These assessments were made in the context of the audit of the annual financial statements taken as a whole and in forming our opinion, as expressed above. We do not express an opinion on any items in these annual financial statements considered separately.

Measurement of equity interests

Key audit matter	Our response
<p>As at 31 December 2019, equity interests are recognised as assets for a net carrying amount of €2,698 million. They are recorded at their acquisition cost, including ancillary costs, and impairment is recognised if this value exceeds their value in use and their market value.</p> <p>As stated in the "Main accounting methods" note to the financial statements, value in use is the difference between the subsidiary's enterprise value and its net debt on the balance sheet date. Enterprise value is calculated on the basis of assumptions and estimates applied by Group management for the business under consideration (France Seniors and France Santé), notably projections of future cash flows discounted over four years based on its 2020 budget.</p> <p>The market value is measured using observed recent market data.</p> <p>Due to the weight of equity interests on the balance sheet and the importance of management's judgment in determining the assumptions on which the value in use estimates are based, we deemed that the measurement of equity interests is a key audit matter.</p>	<p>In order to assess whether the estimate of the value in use of equity interests is reasonable, on the basis of the information provided to us, our work consisted primarily of:</p> <ul style="list-style-type: none"> • reviewing the budget process and key controls associated with this process; • obtaining the methods used to calculate the value in use, in particular cash flow and operating forecasts for the facilities operated by the entities representative of these equity interests, in order to: <ul style="list-style-type: none"> – assess the consistency thereof with the 2020 budgets established by management and approved by the Board of Directors, – assess whether the assumptions used to project flows over the 2021-2023 period are reasonable, – comparing the forecasts used for prior impairment tests with the corresponding performances in order to assess the performance of prior objectives; • verifying, on a test basis, the arithmetical accuracy of the calculations of the values in use applied by the Company. <p>To assess whether the estimate of the market value of the equity interests is reasonable, we reviewed the relevance of the market data used by management.</p>

Specific verifications

In accordance with the auditing standards applicable in France, we have also performed the specific verifications required by law.

Information provided in the management report and other documents sent to shareholders on the financial position and annual financial statements

We have no observations to make regarding the truthfulness of the information contained in the Board of Director's management report and in the other documents sent to shareholders concerning the Group's financial position and the annual financial statements, or the consistency of that information with said annual financial statements.

We hereby attest to the fair presentation and consistency with the annual financial statements of the information given with respect to the payment terms referred to in Article D. 4414 of the French Commercial Code.

Report on corporate governance

We confirm that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

With respect to the information provided pursuant to Article L. 225-37-3 of the French Commercial Code on the compensation and benefits paid or granted to corporate officers, and any commitments granted to them, we have verified its consistency with the financial statements and with the figures used to prepare the financial statements and, where applicable, with the information obtained by your Company from the companies that it controls and which it includes in its scope of consolidation. Based on this work, we certify the accuracy and truthfulness of this information.

Concerning the information on factors that your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer that is provided pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, we verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no observations to make with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the acquisition of equity investments and controlling interests, as well as the identities of the holders of shares and voting rights, have been disclosed to you in the management report.

Information based on other statutory or regulatory obligations

Appointment of the statutory auditors

Mazars was appointed as statutory auditor of Korian SA in the original Articles of Association of 2003, and Ernst & Young et Autres was appointed by the General Meeting of 23 June 2011.

At 31 December 2019, Mazars was in the seventeenth uninterrupted year of its assignment (including fourteen years since the Company's shares were admitted to trading on a regulated market) and Ernst & Young et Autres was in its ninth year.

Prior to our appointment, Ernst & Young et Autres had been the Group's statutory auditor from 2006.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for preparing annual financial statements that present a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary to prepare annual financial statements that are free of material misstatements, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, any information relating to the continuity of operations, and applying the going concern accounting principle, unless it intends to liquidate the Company or cease doing business.

The Audit Committee is responsible for overseeing the process used to prepare financial information and for monitoring the effectiveness of the internal control and risk management systems, and, where applicable, the internal audit system, with respect to the procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the annual financial statements

Objective and audit approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect all material misstatements. Misstatements may be due to fraud or error and are considered material if it can reasonably be expected that, taken individually or cumulatively, they may influence the economic decisions that users of the financial statements take based thereon.

As specified by Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or the quality of the management of your Company.

In accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgment throughout the audit assignment. It also:

- identifies and assesses the risks that the annual statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects evidence that it deems sufficient and appropriate to form the basis for its opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, because fraud may involve collusion, falsification, voluntary omissions, misrepresentations or circumventing internal controls;
- reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal control system;
- it assesses whether the accounting methods used are appropriate and whether the accounting estimates made by management are reasonable, as well as the information about them provided in the annual financial statements;

- assesses whether management's application of the going concern accounting principle is appropriate and, depending on the information collected, whether or not there exists significant uncertainty about events or circumstances that may jeopardise the Company's ability to continue its business. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, it draws the attention of the readers of its report to the information provided in the consolidated financial statements about said uncertainty or, if this information is not provided or is not relevant, it issues a qualified or an adverse opinion;
- it assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events in a manner that gives a true and fair view thereof.

Report to the Audit Committee

We submit a report to the Audit Committee, notably outlining the scope of the audit work and the work

programme implemented, as well as the conclusions based on our work. Where applicable, we also report any significant deficiencies in internal control that we have identified in respect of accounting and financial reporting procedures.

The information provided in the report to the Audit Committee includes the risks of material misstatement that we consider to have been the most significant for the audit of the annual financial statements for the period and, as such, constitute the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down, in particular, by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors (*Code de déontologie des Commissaires aux comptes*). Where appropriate, we discuss with the Audit Committee any risks to our independence and the safeguards in place.

Courbevoie and Paris La-Défense, 28 February, 2020

The Statutory Auditors

MAZARS

Anne Veaute

ERNST & YOUNG et Autres

May Kassis-Morin

6.5 Statutory auditors' special report on regulated agreements

For the year ended 31 December 2019

To the Shareholders,

In our capacity as the statutory auditors of your Company, we hereby present our report on regulated agreements amending our earlier report of 27 April 2020 following the Company's decision to remove resolution 12, relating to the approval of commitments undertaken in respect of the Chief Executive Officer of your Company, Mrs. Sophie Boissard, as formerly provided for under article L. 225-42-1 of the French Commercial Code (*Code de commerce*) until the French government order (*Ordonnance*) 2019-1234 of 27 November 2019. These commitments are henceforth subject to the French system for ex-ante/ex-post votes on compensation as amended by the aforementioned government order and do not constitute regulated agreements within the meaning of article L. 225-38 of the French Commercial Code.

It is our duty to inform you, on the basis of the information that has been provided to us, about the characteristics and material terms of regulated agreements that have been reported to us or that we discovered in performing our assignment, as well as the grounds showing that these are in the Company's interest. However, it is not our role to comment on whether they are beneficial or appropriate, or to ascertain whether any other

agreements exist. Pursuant to article R. 225-31 of the French Commercial Code, it is your responsibility to determine whether entering into these agreements was beneficial, with a view to approving them.

In addition, and if applicable, it is our duty to provide you with the information required by article R. 225-31 of the French Commercial Code on the execution, during the past financial year, of regulated agreements approved by a General Meeting.

Agreements submitted for approval at the General Meeting

We inform you that we have not received notice of any agreements that have been authorised and entered into during the past financial year and that would have to be submitted to the General Meeting pursuant to the provisions of article L. 225-38 of the French Commercial Code.

Agreements already approved at General Meetings

We hereby inform you that we have not been advised of any agreements already approved at prior General Meetings and which remained in force during the past fiscal year.

Courbevoie and Paris-La Défense, 4 May, 2020

The Statutory Auditors

MAZARS

Anne Veaute

ERNST & YOUNG et Autres

May Kassis-Morin



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7.1 Information on the Company

7.1.1 Company name and registered office

On 25 March 2003, the Company was registered as a limited liability company (*société anonyme*) with a Supervisory Board and Executive Board in the Besançon Trade and Companies Register under No. 447 800 475, for a period of 99 years starting from said date of registration.

The Company's registered office was transferred to the jurisdiction of the Paris Commercial Court on 8 June 2006

On 21 March 2012, the Company was converted into a *société anonyme* with a Board of Directors, and on 15 June 2015, its registered office was transferred from 32, rue Guersant, 75017 Paris to 21-25, rue Balzac, 75008 Paris.

The Company's legal entity identifier (LEI) is 969500WEPS61H6TJM037.

The Company's telephone number is +33 (0)1 55 37 52 00.

7.1.2 Memorandum and Articles of Association

The Articles of Association are available in full in the Governance section on the Company's website www.korian.com.

7.1.2.1 Amendments to the Articles of Association

The information below describes the Company's operating procedures, which were unchanged in 2019.

The Company's Articles of Association have been updated to include the 16th resolution of the General Meeting of 6 June 2019, concerning the amendment of Article 11.4 of the Company's Articles of Association with a view to appointing a second Director representing the employees.

The Articles of Association have also been updated to take into account the Chief Executive Officer's decisions of 29 March 2019 and 31 March 2020, confirming the capital increases subsequent to the vesting of (free) shares by certain employees and corporate officers, and that of 1 July 2019 confirming that certain shareholders had exercised their option for payment of the dividend in shares.

7.1.2.2 Corporate purpose

Article 3 of the Company's Articles of Association states that its purpose involves:

- "all management, management consultancy and ownership activities relating to companies specialised

in the healthcare and elderly care sector, specifically in nursing homes for dependent elderly people, post-acute and rehabilitation care facilities, psychiatric clinics, home care for dependent elderly persons and, more generally, dependency care and services for elderly people; and

- *more generally, the acquisition of equity interests, by any means, in all existing or future companies, businesses or enterprises, and all financial, commercial, industrial, real and personal property transactions that may be directly or indirectly related to one of the purposes specified above, or any similar or related purpose that may favour the development of the Company's assets".*

7.1.2.3 Rights attached to each share

Articles 7 and 9 of the Company's Articles of Association set out the rights attached to each share.

Article 7. Shares

"Shares may be held in registered or bearer form at the discretion of the shareholder. Whether in registered or bearer form, shares shall be entered in an account under the conditions and in the manner prescribed by applicable legal and regulatory provisions.

*However, any shareholder, whether an individual or a legal entity, that owns, directly or via entities it controls within the meaning of Article L. 233-3 of the French Commercial Code ("Code de commerce"), a percentage of the shares or voting rights of the Company at least equal to one-twentieth (5%) of the share capital or voting rights (a "**Concerned Shareholder**") must register all shares held in its own name and ensure that the entities it controls within the meaning of Article L. 233-3 of the French Commercial Code also register all shares held in their own name.*

Any Concerned Shareholder who fails to comply with this requirement may be penalised under the conditions laid down by the law and regulations.

The Company is authorised to invoke, at any time, the legal and regulatory provisions in force with respect to the identification of holders of securities that grant immediate or future voting rights at the Company's shareholders' meetings and to the communication of all information relating to those holders. Failure of the holders of the securities or their intermediaries to comply with their obligation to communicate the information mentioned above may, subject to any relevant legal and regulatory constraints, cause the suspension or withdrawal of the right to vote and any right to dividend payments related to the shares."

Article 9. Rights attached to shares

"Each share confers the right to ownership of the Company's assets, to a share of the profits and to the liquidation surplus due to the shareholders in proportion to the number of existing shares.

All shares comprising or that may comprise the share capital will always be treated equally as regards tax liabilities. Consequently, all taxes and duties that may, for any reason, as a result of repayment of the principal amount of these shares, become payable for certain shares only, either during the Company's existence or on its liquidation, will be divided among all of the shares comprising the capital at the time of these repayments, so that all current and future shares confer on their owners, while taking into account, where necessary, the nominal amount rather than the written-down amount of the shares and the rights of the shares of various categories, the same effective benefits and the entitlement to receive the same net amount.

Voting rights attached to capital shares are proportional to the percentage of the share capital that they represent, with the same par value. Each share entitles the holder to one (1) vote, it being specified that this ratio of one (1) vote per share will prevail notwithstanding any non-imperative legislative or regulatory change to the contrary (such as the automatic conferring of double voting rights in certain situations). No double voting rights are granted as per the last paragraph of Article L. 225-123 of the French Commercial Code.

The subscription right attached to shares belongs to the bare owner, unless otherwise agreed by the parties.

Ownership of a share automatically assumes acceptance of the Company's Articles of Association and the decisions of its Ordinary General Meetings and the Board of Directors acting as delegated by the Ordinary General Meetings.

Whenever it is necessary to possess several shares in order to exercise a right, single shares or shares held in a number below the requisite number of shares do not entitle their holders to any right against the Company, it being up to the shareholder in such a case to personally seek to group together the requisite number of shares."

7.1.2.4 Statutory threshold crossing disclosures

Article 8 of the Company's Articles of Association concerns the crossing of statutory disclosure thresholds.

"Shares shall be freely traded and transferred.

Any individual or legal entity acting alone or in concert with others, who acquires or relinquishes, directly or indirectly, at least two-hundredths (0.5%) of the share capital or voting rights of the Company, or a multiple of this percentage, is required to notify the Company by registered letter with acknowledgement of receipt, addressed to the Company's head office, within four (4) trading days of each threshold being crossed, and to state the number of shares and voting rights held (alone, directly or indirectly, or in concert with others), together with (a) the number of shares held giving future access to share capital and the number of voting rights attached to them, (b) the shares and voting rights already issued that this person may acquire, pursuant to an agreement or a financial instrument and (c) all information set forth in Article L. 233-7 of the French Commercial Code. Investment fund management companies are required to provide this information for all shares in the Company held by the funds they manage.

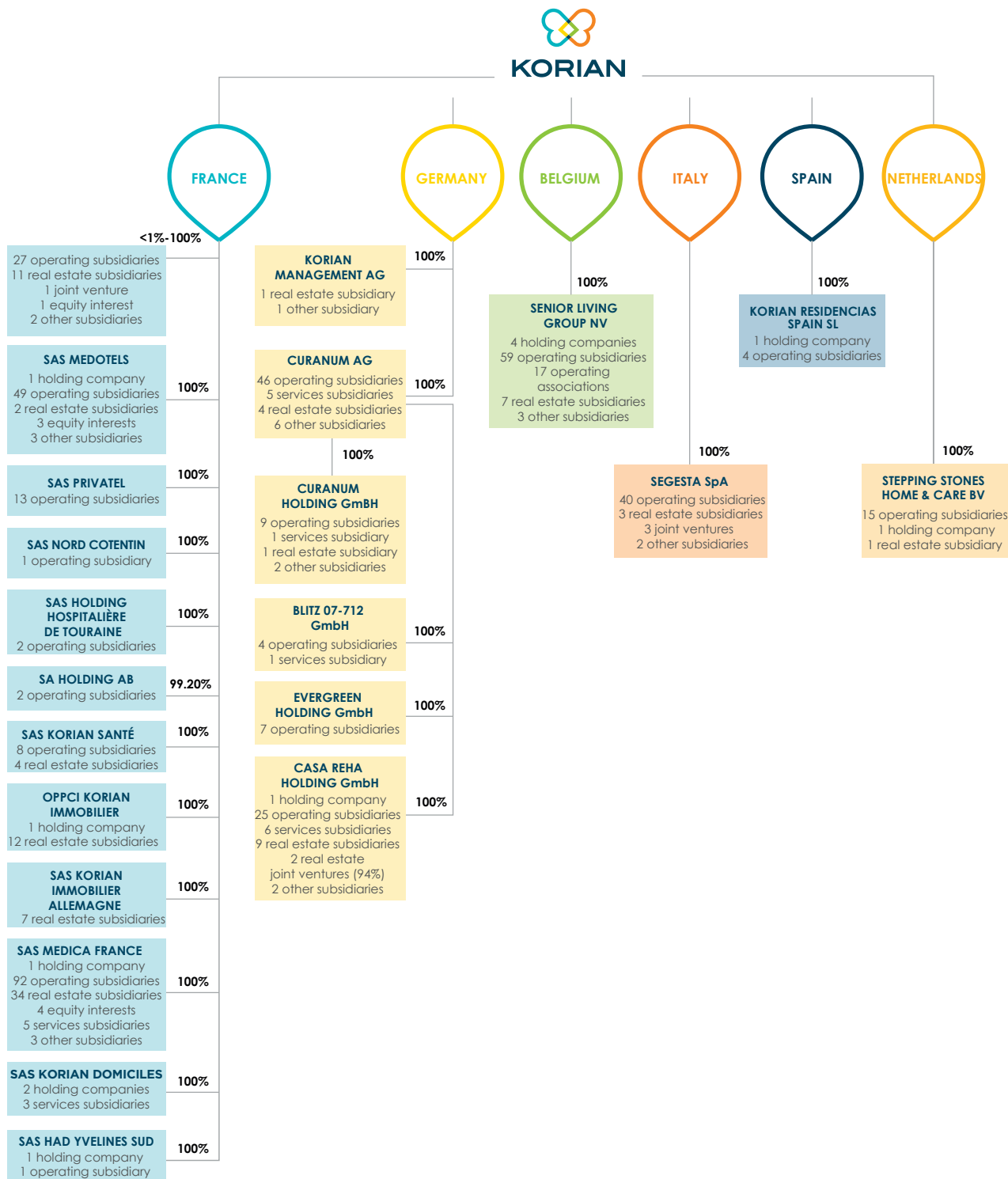
If they are not regularly disclosed in accordance with the conditions set forth above, any shares in excess of the fraction that should have been disclosed are, within the conditions and limits laid down by law, deprived of voting rights in all shareholders' meetings for a period of two (2) years following the date on which proper disclosure is made.

This penalty will only be applied at the request of one or more shareholders holding at least one two-hundredth (0.5%) of the Company's share capital or voting rights, such request being included in the minutes of the Ordinary General Meeting."

7.1.3 Legal structure

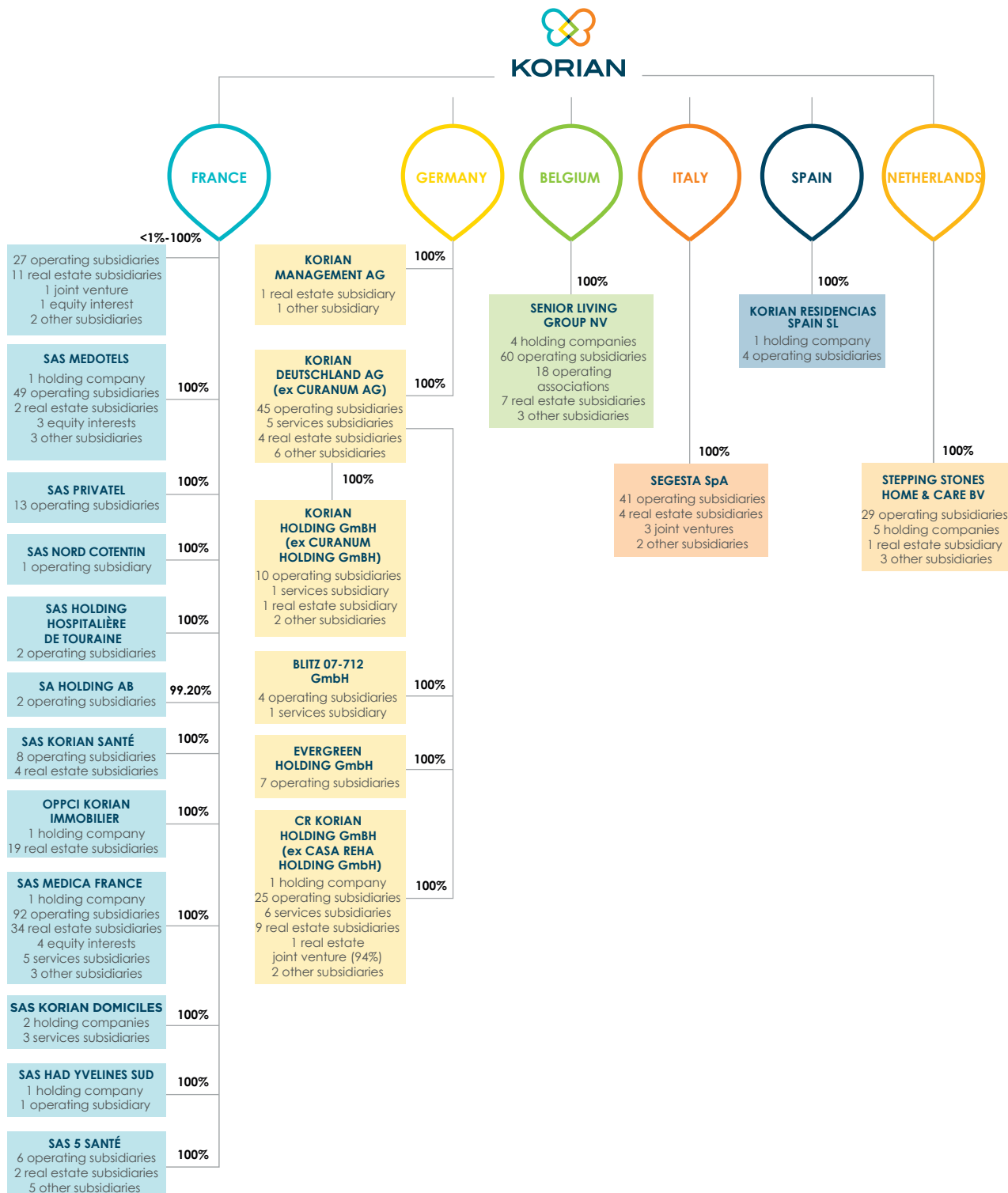
7.1.3.1 Simplified legal structure of Korian group as at 31 December 2019

The Group's simplified legal structure as at 31 December 2019 is shown below:



7.1.3.2 Simplified legal structure of Korian group as at 27 February 2020

The Group's simplified legal structure as at 27 February 2020 is shown below:



7.2 Information on the share capital

7.2.1 Share capital

As at 31 December 2019, Korian's share capital was divided into 82,728,270 shares with a nominal value of €5 each, for a total of €413,641,350. All shares are fully paid up.

Each share carries one vote at General Meetings of shareholders.

In accordance with Article 9 of the Company's Articles of Association, no shares carry double voting rights.

The Company conducted three consecutive capital increases:

- on 31 March 2019, it issued 9,138 new shares with a nominal value of €5 each, raising €45,690 in capital,

subsequent to the issuance of fully vested shares to certain key employees;

- on 1 July 2019, it issued 742,707 new shares with a nominal value of €5 each, raising €3,713,535 in capital, following the payment of the dividend in newly issued shares;
- on 31 March 2020, it issued 2,637 new shares with a nominal value of €5 each, raising €13,185 in capital, following the issuance of fully vested shares to certain employees and corporate officers. The Company's share capital subsequently increased to €413,654,535, divided into 82,730,907 shares (see section 7.2.4.3 of this universal registration document).

7.2.2 Changes in the Company's share capital over the last three years

Date	Type of transaction	Number of shares issued	Capital increase	Share emission	Nominal value	Number of shares	Amount of share capital
31 March 2017	Confirmation by the Chief Executive Officer of the creation of new shares allocated to French beneficiaries in respect of the 2014 performance shares plan.	26,361	€131,805		€5	80,204,403	€401,022,015
19 July 2017	Confirmation by the Chief Executive Officer of the creation of shares granted in respect of dividend payments in new shares.	777,940	€3,889,700		€5	80,982,343	€404,911,715
31 March 2018	Confirmation by the Chief Executive Officer of the creation of new shares allocated to French beneficiaries in respect of the 2015 performance shares plan.	1,220	€6,100		€5	80,983,563	€404,917,815
12 July 2018	Confirmation by the Chief Executive Officer of the creation of shares granted in respect of dividend payments in new shares.	992,862	€4,964,310		€5	81,976,425	€409,882,125
31 March 2019	Confirmation by the Chief Executive Officer of the creation of new shares allocated to foreign beneficiaries in respect of the 2014 performance shares plan.	9,138	€45,690		€5	81,985,563	€409,927,815
1 July 2019	Confirmation by the Chief Executive Officer of the creation of shares granted in respect of dividend payments in new shares.	742,707	€3,713,535		€5	82,728,270	€413,641,350
31 March 2020	Confirmation by the Chief Executive Officer of the creation of new shares allocated to foreign beneficiaries in respect of the 2015 performance shares plan.	2,637	€13,185		€5	82,730,907	€413,654,535

7.2.3 Issued and unissued authorised capital

7.2.3.1 Delegations and authorisations currently valid

The following table shows the delegations and authorisations granted to the Board of Directors by the General Meeting of Shareholders and currently valid in respect of capital increases and the extent to which these were used during the 2019 financial year.

Nature of authorisation/ delegation	Date of the General Meeting (resolution number)	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2019 and the first quarter of 2020
Authorisation to the Board of Directors to reduce the Company's share capital by cancelling Company treasury shares up to a maximum of 10% of the share capital	14 June 2018 (14 th resolution)	Authorisation granted to the Board of Directors to reduce the Company's share capital by cancelling treasury shares (currently held or acquired through the share buyback programme). The reduction will be limited to 10% of the Company's share capital over a 24-month period.	10% of share capital.	26 months	N/A
Delegation of authority to the Board of Directors to issue ordinary shares of the Company and/or transferable securities conferring equity rights in the Company and/or conferring the right to debt securities, outside takeover bid periods, maintaining shareholders' pre-emptive subscription rights	14 June 2018 (15 th resolution)	Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares in the Company's share capital and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, with preferential subscription rights, up to a maximum nominal amount of €200 million ⁽¹⁾ in respect of the issuance of equity securities and a maximum nominal amount of €1 billion ⁽²⁾ for debt securities conferring access to share capital.	€200,000,000 in equity securities ⁽¹⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months	N/A
Delegation of authority to the Board of Directors to issue, by making a public offering, ordinary shares of the Company and/or transferable securities conferring equity rights in the Company and/or conferring the right to debt securities, outside takeover bid periods, cancelling shareholders' pre-emptive subscription rights	14 June 2018 (16 th resolution)	Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares in the Company's share capital and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, without preferential subscription rights, via a public offering of securities (on a regulated market), up to a maximum nominal amount of €40,491,700 ⁽¹⁾⁽³⁾ in respect of the issuance of equity securities and a maximum nominal amount of €1 billion ⁽²⁾ for debt securities that carry the right to acquire share capital.	€40,491,700 in equity securities ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months	N/A

(1) Maximum amount common to resolutions 15, 16, 17, 18, 20, 21 and 23 of the General Meeting of 14 June 2018 as described in this table.

(2) Maximum amount common to resolutions 15, 16, 17, 18, 20, and 21 of the General Meeting of 14 June 2018 as described in this table.

(3) Maximum amount common to resolutions 16, 17, 18, 19, 20, and 21 of the General Meeting of 14 June 2018 as described in this table.

Nature of authorisation/ delegation	Date of the General Meeting (resolution number)	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2019 and the first quarter of 2020
Delegation of authority to the Board of Directors to issue, by a private placement as provided in article L. 411-2, 1° (ex L. 411-2 II) of the French Monetary and Financial Code, ordinary shares of the Company and/or transferable securities conferring equity rights in the Company and/or conferring the right to debt securities, outside takeover bid periods, cancelling shareholders' pre-emptive subscription rights	14 June 2018 (17 th resolution)	Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares in the Company's share capital and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, without preferential subscription rights, through a private placement of securities (to qualified investors or an investors' club), up to a maximum nominal amount of 10% of the Company's share capital ⁽¹⁾⁽³⁾ and a maximum nominal amount of €1 billion ⁽²⁾ for debt securities conferring access to share capital.	10% of share capital ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months	Issue of OCEANE bonds (convertible into and/or exchangeable for new or existing shares) in a nominal amount of approximately €400 million on 3 March 2020 (see 7.2.4.2)
Authorisation to the Board of Directors to increase the number of shares to be issued in the event of issuance, maintaining or cancelling shareholders' preemptive subscription rights, outside takeover bid periods	14 June 2018 (18 th resolution)	Authorisation granted to the Board of Directors to increase the number of securities issued for the increases in share capital authorised by resolutions 15, 16 and 17, within the limit of 15% of the initial issue. ⁽¹⁾⁽²⁾⁽³⁾	15% of the initial issue ⁽¹⁾⁽²⁾⁽³⁾	26 months	N/A
Authorisation to the Board of Directors in the event of the issuance of ordinary shares of the Company and/or transferable securities conferring equity rights in the Company and/or conferring the right to debt securities, cancelling the shareholders' pre-emptive subscription rights, to set the issue price in accordance with the terms authorised by the General Meeting, up to a maximum of 10% of the Company's share capital	14 June 2018 (19 th resolution)	Authorisation granted to the Board of Directors to set the price of the securities issued pursuant to resolutions 16 and 17: (i) for ordinary shares, the issue price must be \geq the weighted average share price on the Euronext Paris regulated market over the three trading days preceding the decision to set the price, to which a maximum discount of 5% may be applied; (ii) for transferable securities conferring access to share capital other than ordinary shares, the issue price must be such that the amount immediately received by the Company, plus any amount the Company may subsequently receive, is, for each ordinary share issued as a result of the issuance of these transferable securities, at least equal to the amount stated in paragraph (i) above, after adjustment of this amount to account for any difference in the vesting date, if necessary. The maximum nominal amount of the capital increase is limited to 10% of the share capital per annum. ⁽¹⁾	10% of share capital ⁽³⁾	26 months	N/A

(1) Maximum amount common to resolutions 15, 16, 17, 18, 20, 21 and 23 of the General Meeting of 14 June 2018 as described in this table.

(2) Maximum amount common to resolutions 15, 16, 17, 18, 20 and 21 of the General Meeting of 14 June 2018 as described in this table.

(3) Maximum amount common to resolutions 16, 17, 18, 19, 20 and 21 of the General Meeting of 14 June 2018 as described in this table.

Nature of authorisation/ delegation	Date of the General Meeting (resolution number)	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2019 and the first quarter of 2020
Authorisation to issue ordinary shares of the Company and/or transferable securities conferring equity rights in the Company and/or conferring the right to debt securities, without shareholders' preemptive subscription rights, outside takeover bid periods, to pay for contributions in kind granted to the Company, and which consist of equity securities and/or transferable securities conferring equity rights, up to a maximum of 10% of the Company's share capital	14 June 2018 (20 th resolution)	Delegation of authority to the Board of Directors to pay for contributions in kind made to the Company. These contributions are paid for by issuing ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital up to a limit of 10% of said share capital, except in the case of a public offering initiated by the Company ⁽¹⁾⁽²⁾⁽³⁾	10% of share capital ⁽¹⁾⁽²⁾⁽³⁾	26 months	N/A
Delegation of authority to the Board of Director to issue, outside takeover bid periods, ordinary shares of the Company and/or transferable securities conferring equity rights in the Company, in the event of a public exchange offer launched by the Company, cancelling shareholders' preemptive subscription rights, up to a maximum of 10% of the Company's share capital	14 June 2018 (21 st resolution)	Delegation of authority to the Board of Directors to issue ordinary shares in the Company and/or transferable securities conferring access, by any means, to the Company's ordinary shares, either immediately and/or at some future time, in remuneration for securities contributed to a public offering with an exchange component initiated by the Company in France, or to a transaction of equivalent effect in a foreign country, involving the securities of the Company or of another company whose securities are traded on one of the regulated markets indicated in article L. 225-148 of the French Commercial Code, up to a maximum nominal amount of €40,491,700 ⁽¹⁾⁽³⁾ in respect of equity securities, and a total nominal amount of €1 billion ⁽²⁾ in respect of debt securities conferring access to share capital.	€40,491,700 in equity securities ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months	N/A
Delegation of authority to the Board of Directors to decide, outside takeover bid periods, to increase the share capital by capitalising reserves, profits, premiums and similar funds	14 June 2018 (22 nd resolution)	Delegation of authority to the Board of Directors to increase the share capital by capitalising reserves, earnings, premium and any other funds that may be capitalised, through the issuance and allocation of free shares or by increasing the par value of existing ordinary shares, or using a combination of these two methods. Maximum nominal amount of these capital increases: €20 million.	€20,000,000	26 months	N/A
Authorisation to the Board of Directors to award free shares of the Company to the employees and/or company agents of the Company and its subsidiaries	14 June 2018 (23 rd resolution)	Authorisation granted to the Board of Directors to allocate free shares (either existing shares or shares to be issued), subject to performance conditions and up to a maximum of 1% of the Company's share capital on the date of the Board of Directors' decision (0.1% of the share capital for executive corporate officers) ⁽¹⁾ . The shares granted to their beneficiaries will vest at the end of a minimum vesting period of three years, and the Board of Directors will, if necessary, specify a period during which the beneficiaries must hold these shares.	1% of share capital ⁽¹⁾	38 months	Number of shares allocated under the 2019 performance share plan: 150,500 shares (see 7.2.4.3)

(1) Maximum amount common to resolutions 15, 16, 17, 18, 20, 21 and 23 of the General Meeting of 14 June 2018 as described in this table.

(2) Maximum amount common to resolutions 15, 16, 17, 18, 20 and 21 of the General Meeting of 14 June 2018 as described in this table.

(3) Maximum amount common to resolutions 16, 17, 18, 19, 20 and 21 of the General Meeting of 14 June 2018 as described in this table.

Nature of authorisation/ delegation	Date of the General Meeting (resolution number)	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2019 and the first quarter of 2020
Delegation of authority to the Board of Directors to issue ordinary shares of the Company and/or transferable securities conferring equity rights in the Company, immediately or in the future, for the benefit of members of a Company or Group savings plan, with cancellation of the shareholders' pre-emptive subscription rights	6 June 2019 (15 th resolution)	Authorisation granted to the Board of Directors to increase the share capital by a maximum nominal amount of €8 million, by issuing shares or transferable securities conferring access to the share capital exclusively for members of a Company or Group savings plan.	€8,000,000	26 months	N/A

7.2.3.2 Financial delegations of authority and authorisations submitted to the General Meeting convened to approve the 2019 financial statements

- It is essential that the Board of Directors has the flexibility it needs in selecting the various types of securities it may issue and the opportunities available in financial markets if it is to conduct the transactions best suited to the Company's requirements and to conditions in the financial markets. Accordingly, shareholders at the General Meeting convened to approve the 2019 financial statements will be asked to grant the following delegations of financial authority, which will cancel and supersede all of the delegations of financial authority described in the table above.

- The General Meeting shall also be asked to approve resolutions 25, 27, 28 and 29 pertaining to: the issuance of shares or transferable securities conferring access to the share capital for a designated category of persons; the allocation of free shares to the Group's employees and corporate officers; and the issue of shares or transferable securities conferring access to the Company's share capital for members of a Company savings plan or to a designated category of persons for the purpose of an employee shareholding scheme. These resolutions would give the Board of Directors the means to secure the loyalty of certain members of the Group's senior management and strengthen employee shareholding.

Nature of authorisation/ delegation	Resolution number	Purpose	Maximum authorisation granted	Duration
Authorisation to the Board of Directors to reduce the Company's share capital by cancelling treasury shares up to a maximum of 10% of the share capital	17 th resolution	Authorisation granted to the Board of Directors to reduce the Company's share capital by cancelling treasury shares (currently held or acquired through the share buyback programme). The reduction will be limited to 10% of the Company's share capital over a 24-month period.	10% of share capital	26 months
Delegation of authority to the Board of Directors to issue, outside takeover bid periods, ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, with preferential subscription rights	18 th resolution	Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares in the Company's share capital and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, with preferential subscription rights, up to a maximum nominal amount of €206,827,000 ⁽¹⁾ , in respect of the issuance of equity securities, or €1 billion ⁽²⁾ for debt securities conferring access to share capital.	€206,827,000 in equity securities ⁽¹⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months

(1) Maximum amount common to resolutions 18, 19, 20, 21, 22, 23, 24 and 25 as described in this table.

(2) Maximum amount common to resolutions 18, 19, 20, 21, 23, 24 and 25 as described in this table.

(3) Maximum amount common to resolutions 19, 20, 21, 22, 23, 24 and 25 as described in this table.

Nature of authorisation/ delegation	Resolution number	Purpose	Maximum authorisation granted	Duration
Delegation of authority to the Board of Directors to issue, outside takeover bid periods, by way of a public offering (other than those offerings referred to in Article L. 411-2(1) of the French Monetary and Financial Code), ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital and/or the right to debt securities, without preferential subscription rights	19 th resolution	Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares in the Company's share capital and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, without preferential subscription rights, via a public offering of securities (on a regulated market), up to a maximum nominal amount of €41,365,400 ⁽¹⁾⁽³⁾ in respect of the issuance of equity securities and a total nominal amount of €1 billion ⁽²⁾ for debt securities conferring access to share capital.	€41,365,400 in equity securities ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months
Delegation of authority to the Board of Directors to issue, outside takeover bid periods, ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, without preferential subscription rights, to qualified investors or an investors' club	20 th resolution	Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares in the Company's share capital and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, without preferential subscription rights, to qualified investors or an investors' club, as provided in Article L. 411-2(1) of the French Monetary and Financial Code, up to a maximum nominal amount of 10% of the Company's share capital ⁽¹⁾⁽³⁾ and a maximum nominal amount of €1 billion ⁽²⁾ for debt securities conferring access to share capital.	10% of share capital ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months
Authorisation to the Board of Directors to increase the number of securities to be issued in the event of issuance of shares, with or without preferential subscription rights, outside takeover bid periods	21 st resolution	Authorisation granted to the Board of Directors to increase the number of securities issued for the increases in share capital authorised by resolutions 18, 19 and 20, within the limit of 15% of the initial issue ⁽¹⁾⁽²⁾⁽³⁾ .	15% of the initial issue ⁽¹⁾⁽²⁾⁽³⁾	26 months
Authorisation to the Board of Directors, in the event of the issuance of ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital and/or the right to receive debt securities, without preferential subscription rights, to set the issue price in accordance with the terms approved by the General Meeting, up to a maximum of 10% of the Company's share capital	22 nd resolution	Authorisation granted to the Board of Directors to set the price of the securities issued pursuant to resolutions 19 and 20: (i) for ordinary shares, the issue price must be at least equal to the weighted average share price on the Euronext Paris regulated market over the three trading days preceding the decision to set the price, to which a maximum discount of 10% may be applied; (ii) for transferable securities conferring access to share capital other than ordinary shares, the issue price must be such that the amount immediately received by the Company, plus any amount the Company may subsequently receive, is, for each ordinary share issued as a result of the issuance of these other securities, at least equal to the amount stated in paragraph (i) above, after adjustment of this amount to account for any difference in the vesting date, if necessary. The maximum nominal amount of the share capital increase is limited to 10% of the share capital per annum and per 12-month period. ⁽¹⁾⁽³⁾	10% of share capital ⁽¹⁾⁽³⁾	26 months

(1) Maximum amount common to resolutions 18, 19, 20, 21, 22, 23, 24 and 25 as described in this table.

(2) Maximum amount common to resolutions 18, 19, 20, 21, 23, 24 and 25 as described in this table.

(3) Maximum amount common to resolutions 19, 20, 21, 22, 23, 24 and 25 as described in this table.

Nature of authorisation/ delegation	Resolution number	Purpose	Maximum authorisation granted	Duration
Authorisation to the Board of Directors to issue, outside takeover periods, ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital to pay for contributions in kind granted to the Company and which consist of equity securities and/or transferable securities conferring access to the Company's share capital, up to a maximum of 10% of said share capital	23 rd resolution	Delegation of authority to the Board of Directors to pay for contributions in kind made to the Company. These contributions are paid for by issuing ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital up to a maximum nominal amount of €41,365,400 ⁽¹⁾⁽³⁾ in respect of the issuance of equity securities and a maximum nominal amount of €1 billion ⁽²⁾ in respect of debt securities conferring access to share capital, except in the case of a public offering initiated by the Company.	€41,365,400 in equity securities ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months
Delegation of authority to the Board of Directors to issue, outside takeover bid periods, ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital, in the event of a public exchange offer initiated by the Company, without preferential subscription rights, up to a maximum of 10% of the Company's share capital	24 th resolution	Delegation of authority to the Board of Directors to issue ordinary shares in the Company and/or securities conferring access, by any means, to the Company's ordinary shares, either immediately and/or at some future time, in remuneration for securities contributed to a public offering with an exchange component initiated by the Company in France or to a transaction of equivalent effect in a foreign country, involving the securities of the Company or of another company whose securities are traded on one of the regulated markets indicated in Article L. 225-148 of the French Commercial Code, up to a maximum nominal amount of €41,365,400 ⁽¹⁾⁽³⁾ in respect of equity securities, and a maximum nominal amount of €1 billion ⁽²⁾ in respect of debt securities conferring access to share capital.	€41,365,400 in equity securities ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	26 months
Delegation of authority to the Board of Directors to issue ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital without preferential subscription rights for a category of persons as provided for in article L. 225-138 of the French Commercial Code	25 th resolution	Delegation of authority to the Board of Directors, with the option to subdelegate such powers, to issue ordinary shares and/or transferable securities conferring access to the Company's ordinary shares (including warrants and/or equity issues), either immediately and/or at some future time, or the right to receive debt securities, without preferential subscription rights, for any credit institution licensed to provide the investment service referred to in paragraph 6-1 of Article L. 321-1 of the French Monetary and Financial Code and acting as underwriter for the equity securities of companies listed on the Euronext Paris regulated market during Equity Line transactions, up to a maximum nominal amount of €41,365,400 ⁽¹⁾⁽³⁾ in respect of equity securities and a maximum of €1 billion ⁽²⁾ in respect of debt securities conferring access to share capital.	€41,365,400 in equity securities ⁽¹⁾⁽³⁾ €1,000,000,000 in debt securities conferring access to share capital ⁽²⁾	18 months
Delegation of authority to the Board of Directors to increase the share capital by capitalising reserves, earnings, premiums or other funds outside takeover bid periods	26 th resolution	Delegation of authority to the Board of Directors to increase the share capital by capitalising reserves, earnings, premiums and any other funds that may be capitalised, through the issuance and allocation of free shares or by increasing the par value of existing ordinary shares, or using a combination of these two methods. Maximum nominal amount of these capital increases: €20 million.	€20,000,000	26 months

(1) Maximum amount common to resolutions 18, 19, 20, 21, 22, 23, 24 and 25 as described in this table.

(2) Maximum amount common to resolutions 18, 19, 20, 21, 23, 24 and 25 as described in this table.

(3) Maximum amount common to resolutions 19, 20, 21, 22, 23, 24 and 25 as described in this table.

Nature of authorisation/ delegation	Resolution number	Purpose	Maximum authorisation granted	Duration
Authorisation to the Board of Directors to grant existing and/or new free shares in the Company to employees and/or corporate officers of the Company and its subsidiaries	27 th resolution	Authorisation granted to the Board of Directors to grant existing and/or new free shares, up to a maximum of 1% of the Company's share capital on the date of the Board of Directors' decision (0.1% of the share capital for executive corporate officers). The shares granted to their beneficiaries will vest at the end of a minimum vesting period of three years, and the Board of Directors will, if necessary, specify a period during which the beneficiaries must hold these shares.	1% of share capital	38 months
Delegation of authority to the Board of Directors to issue ordinary shares in the Company and/or securities conferring access to the Company's share capital, immediately or at some future time, without preferential subscription rights, for members of a Company or Group savings plan	28 th resolution	Authorisation granted to the Board of Directors to increase the share capital by a maximum of 2.5% of the Company's share capital on the date of the Board of Directors' decision, by issuing shares or transferable securities conferring access to share capital exclusively for members of a Company or Group savings plan.	2.5% of share capital	26 months
Delegation of authority to the Board of Directors to issue ordinary shares in the Company and/or transferable securities conferring access to the Company's share capital, immediately or at some future time, without preferential subscription rights, for certain categories of beneficiary for the purpose of an employee shareholding scheme	29 th resolution	Authorisation granted to the Board of Directors to conduct capital increases, up to maximum of 0.15% of the Company's share capital on the date of the Board of Directors' decision, it being specified that this ceiling shall be deducted from the overall limit of 2.5% of the Company's share capital, as per resolution 28 as described in this table, by issuing shares or transferable securities conferring access to share capital for certain categories of beneficiary for the purpose of an employee shareholding scheme.	0.15% of share capital	18 months

7.2.3.3 Securities not representing capital

None.

7.2.4 Potential share capital

7.2.4.1 ODIRNANE bond issue

On 18 September 2018, Korian announced that it had successfully placed an issue of fungible undated, unsubordinated and unsecured bonds with an option for repayment in cash and/or new and/or existing shares (ODIRNANE) (the "**New Bonds**"), without preferential subscription rights, for a nominal amount of approximately €60 million.

These New Bonds were issued with a view to refinancing the unlisted hybrid bonds issued in June 2017 for an amount of €60 million. The New Bonds are subject to the same terms (aside from the issue price) as the undated, unsubordinated and unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) issued by Korian on 28 June 2017 (the "**Existing Bonds**") for around €240 million and, following the settlement-delivery date of the New Bonds, are fully fungible with the Existing Bonds and traded on the same line of listing (jointly referred to as the "**Bonds**"). The New Bonds were issued at a price of €40.90, including interest accrued over the period from 1 July 2018 to 21 September 2018 for an amount of €0.22 per Bond. The New Bonds were settled and delivered on 21 September 2018.

The New Bonds were offered via an accelerated book-building process through a private placement arranged exclusively with institutional investors in France and/or outside France (excluding the United States of America, Canada, Australia and Japan). The placement was conducted pursuant to Article L. 411-2(1) (formerly Article L. 411-2 II) of the French Monetary and Financial Code, as per the 17th resolution approved at the Company's Extraordinary General Meeting held on 14 June 2018. An application was made for admission of the New Bonds to trading on Euronext in Paris with effect as from the settlement-delivery date.

Potential maximum dilution of all of the Bonds amounts to 9.36% of the Company's share capital at 31 December 2019, implying a parity of 1,038 Korian shares per 1 ODIRNANE bond.

7.2.4.2 OCEANE bond issue

On 3 March 2020, Korian announced that it had successfully placed bonds convertible into and/or exchangeable for new and/or existing shares (OCEANES), with a maturity of 2027 and a nominal amount of approximately €400 million.

The net proceeds of the Offering will be used by the Company to finance its general corporate needs and its growth, including real-estate investments and acquisitions, and to refinance acquisitions carried out during the first quarter of 2020. The bonds were issued at par and their nominal value was €61.53 each, representing a conversion premium of 55% with respect to the Company's share price. From the issue date of 6 March 2020 until the maturity date of 6 March 2027, the Bonds will bear interest at a nominal annual rate of 0.875% payable annually in arrears on 6 March of each year.

Bondholders will have the right to allocate/exchange new and/or existing Company shares at an initial conversion/exchange ratio of one share per Bond, subject to any subsequent adjustments. The Bonds were settled and delivered on 6 March 2020.

The Bonds were issued by way of a placement to qualified investors only, in France and/or outside of France (excluding in particular the United States of America, Canada, Australia or Japan), in accordance with Article L. 411-2 of the French monetary and financial code (*Code monétaire et financier*), as per the authorisation granted by the Company's Extraordinary General Meeting held on 14 June 2018 (17th resolution). An application was made for admission of the Bonds to trading on the Euronext Access™ of Euronext Paris with effect as from the issue date.

Potential maximum dilution of the Bonds amounts to 7.86% of the Company's share capital at 6 March 2020, implying an exchange parity of 1 Korian share per 1 OCEANE bond.

7.2.4.3 Long-term compensation plans

Stock option and share purchase plans

At 31 December 2019, there were no Company stock option plans or share purchase plans underway.

Performance unit and performance share plans

The General Meeting of 14 June 2018 authorised the Board of Directors, for a period of 38 months, to allocate free shares and/or shares to be issued to employees and corporate officers, or certain categories of such personnel, working for the Company and its related subsidiaries and business combinations, pursuant to the conditions provided for in Articles L. 225-197-2 and L. 225-197-1 II of the French Commercial Code.

In accordance with article L. 225-197-1 II of the French Commercial Code, the Board of Directors set the retention requirement for holding these shares in registered form at 25% for executive corporate officers of the Company and 5% for executive corporate officers of the Company's subsidiaries, until such time as their term of office expires.

Details of allocation plans and outstanding shares are provided in the table below.

Record of performance unit/performance share allocations at 31 December 2019

(Table 9 is compiled in accordance with the recommendations of the AFEP-MEDEF code)

Allocations of performance units/performance shares	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan
General Meeting date	26 June 2014	26 June 2014	25 June 2015	22 June 2017	14 June 2018	6 June 2019
Date of Board of Directors' meeting	10 September 2014	16 September 2015	14 September 2016	18 July 2017 13 September 2017	14 June 2018 12 September 2018	6 June 2019
Total number of performance units/performance shares allocated	153,030	90,649	146,358	340,615	126,017	150,500
o/w the Chief Executive Officer ⁽¹⁾ , Sophie Boissard, was awarded	0	0	18,684	62,459	0	0
Vesting date of performance units/performance shares	31 March 2017 (for French tax residents) 31 March 2019 (for foreign tax residents)	31 March 2018 (for French tax residents) 31 March 2020 (for foreign tax residents)	30 June 2019	4 August 2020	30 June 2021 12 September 2021 19 October 2021	6 June 2022
Settlement date	31 March 2017 (for French tax residents) 31 March 2019 (for foreign tax residents)	31 March 2018 (for French tax residents) 31 March 2020 (for foreign tax residents)	Between 1 and 30 July 2019	4 August 2020	30 June 2021 12 September 2021 19 October 2021	6 June 2022
Performance conditions	Share price, EBITDA, revenue	Share price, EBITDA, revenue	EBITDA, revenue and performance of the Korian share price relative to the SBF 120 index	EBITDA per share, revenue and performance of the Korian share price relative to the SBF 120 index	EBITDA per share, revenue and performance of the Korian share price relative to the SBF 120 index	EBITDA per share, revenue and performance of the Korian share price relative to the SBF 120 index
Total number of performance units/performance shares vested	35,499	1,220 (French residents)	53,800 (of which 26,897 shares granted)	N/A	N/A	N/A
Total number of performance units/performance shares in the process of vesting	N/A	2,542 (foreign residents)	N/A	284,243 (French and foreign residents)	101,137 (French and foreign residents)	138,500
Total number of performance units/performance shares cancelled or lapsed ⁽²⁾	117,531	86,887	92,558	57,372	24,880	12,000

(1) The former Chief Executive Officer, Yann Coléou, was awarded performance shares under the 2014 and 2015 Plans. He will not receive the shares under these plans due to his departure from the Company.

(2) Due to the departure of the beneficiaries.

In accordance with the provisions of Article L. 225-197-1, paragraph 5 of the French Commercial Code, following the vesting of 2,637 shares to certain Group employees and foreign corporate officers of the Group on 31 March 2020 (free share plan approved by the Board of Directors on 16 September 2015), the Chief Executive Officer noted on 31 March 2020 that the Company's share capital had increased by €13,185, from €413,641,350 to €413,654,535 (divided into 82,730,907 shares), via the issuance of 2,637 new shares with a nominal value of €5 each.

Information on the 10 most highly compensated employees who are not corporate officers

- In accordance with Article L. 225-184 of the French Commercial Code, the Company confirms it has not granted any stock option and/or share buyback plans respect of the 10 non-corporate officers who were allocated the highest number of stock options, nor are any such plans currently being exercised by them.
- Pursuant to Article L. 225-197-4 of the French Commercial Code, the following table shows the shares allocated to the 10 main non-corporate officers beneficiaries and the shares definitively vested in their favour.

Shares allocated to the 10 main non-corporate officers beneficiaries, and the number of shares definitively vested in their favour	2017 performance shares plan	2018 performance shares plan	2019 performance shares plan
Shares allocated	102,881	46,607	20,632
Shares vested	N/A	N/A	N/A

7.2.5 Factors which may have an impact in the event of a takeover bid

In accordance with Article L. 225-37-5 of the French Commercial Code, the following factors may have an impact in the event of a takeover bid:

- the capital structure and direct or indirect investments in the Company's capital of which the Company is aware in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code are described in sections 7.2.1, 7.2.3 and 7.3.1 of this universal registration document;
- restrictions imposed by the Company's Articles of Association on voting rights and share transfers or contractual clauses brought to the Company's attention in accordance with Article L. 233-11 of the French Commercial Code are described in the Company's Articles of Association;
- the rules governing the appointment and replacement of the members of the Board of Directors are outlined in the Company's Articles of Association. The Company's Articles of Association may be amended in accordance with Article L. 225-96 et seq. of the French Commercial Code;
- the powers of the Board of Directors are described in section 4.1.3.2.1 "Duties and powers of the Board of

Directors" of this universal registration document, as well as in section 7.3.2.3 concerning the implementation of the share buyback programme and the liquidity agreement;

- the agreements providing for benefits for corporate officers in the event their positions are terminated due to a takeover bid are discussed in section 4.2.1.1 "Severance pay" of this universal registration document;
- the financing contracts entitling the Company's creditors to accelerate the repayment of loans made to the Company in the event of a change in control of the Company are described in section 5.3.2.2 and Note 9 of section 6.1 of this universal registration document.

7.2.6 Significant acquisitions of equity investments or controlling interests

In accordance with Article L. 233-6 of the French Commercial Code, significant equity investments and controlling interests acquired in other companies that have their registered offices in France, and that were completed during the financial year ended 31 December 2019, are presented in Notes 3 and 14.3 of section 6.1 of this universal registration document.

7.3 Shareholders

7.3.1 Change in share capital over the last three years

Changes in the allocation of the Company's share capital between 31 December 2017 and 31 December 2019 are shown in the table below.

Shareholders	31 December 2019			31 December 2018			31 December 2017		
	Number of shares	% of share capital	% of voting rights ⁽¹⁾	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Predica	20,167,668	24.38%	24.38%	19,001,453	23.18%	23.18%	18,586,876	22.95%	22.95%
Malakoff Médéric Group	6,353,892	7.68%	7.68%	5,203,892	6.35%	6.35%	5,203,892	6.43%	6.43%
Investissements PSP	5,400,000	6.53%	6.53%	11,100,000	13.54%	13.54%	11,100,000	13.71%	13.71%
Korian SA ⁽²⁾	22,025	0.02%	0.02%	46,386	0.05%	0.05%	38,854	0.05%	0.05%
Free float	50,784,685	61.39%	61.39%	46,624,694	56.88%	56.88%	46,052,721	56.86%	56.86%
TOTAL	82,728,270⁽³⁾	100.00%	100.00%	81,976,425	100.00%	100.00%	80,982,343	100.00%	100.00%

(1) % of voting rights = gross voting rights, including rights attaching to the treasury shares. Treasury shares do not carry rights to vote at General Meetings. Number of exercisable voting rights at 31 December 2019: 82,706,245.

(2) Treasury shares held in respect of the liquidity agreement.

(3) Pursuant to the Chief Executive Officer's decisions of 31 March 2019 and 1 July 2019, respectively (i) following the vesting of 9,138 shares to certain key management personnel at foreign entities on 31 March 2019 (performance share plan approved by the Board of Directors on 10 September 2014) in accordance with Article L. 225-197-1, paragraph 5, of the French Commercial Code, and (ii) following the issue, on 1 July 2019, of 742,707 new shares with a nominal value of €5 each, in connection with the payment of the share dividend, thereby increasing the Company's share capital by €3,713,535, i.e. from €409,927,815 to €413,641,350, divided into 82,728,270 shares with a nominal value of €5 each.

To the Company's knowledge, no other shareholder held more than 5% of the share capital or voting rights during the period from 31 December 2017 to 31 December 2019.

In addition, the Company's employee shareholding plan held 97,733 Korian shares at 31 December 2019.

7.3.2 Treasury shares

7.3.2.1 Treasury shares owned by Company subsidiaries

None of the Company's subsidiaries own treasury shares.

7.3.2.2 Treasury shares owned by the Company

At 31 December 2019, the Company owned 22,025 treasury shares in respect of its liquidity agreement with ODDO BHF and Natixis, accounting for 0.02% of the share capital. These shares do not carry voting rights and or the right to dividends or share premiums.

Liquidity agreement

The tripartite agreement entrusts responsibility for the share buyback programme to financial market specialist Natixis and investment services provider ODDO BHF, to buy back shares in the name, and on behalf of, the Company, in accordance with Articles 5 and 13 of Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse, and pursuant to the code of ethics and professional conduct issued by AMAFI (French association of financial market professionals) on 8 March 2011, as recognised by the French Financial Markets Authority (AMF) in its decision of 21 March 2011.

The Company provides the AMF with monthly notifications of the purchases and sales of securities made in respect of the liquidity agreement, issues half-yearly statements on the liquidity agreement and publishes them on its website.

Pursuant to the liquidity agreement with Natixis and ODDO BHF concerning Korian's shares, the following assets were booked to the liquidity account at their trade date on 31 December 2019:

- 22,025 Korian shares;
- €4,274,225.85

7.3.2.3 Share buyback programme

At the General Meeting convened to approve the 2019 financial statements (the “**2020 General Meeting**”), the Company will request the renewal of the 14th resolution of the General Meeting of 6 June 2019 authorising the Board of Directors to purchase or arrange for the purchase of the Company's shares over an 18-month period (including as part of a liquidity agreement).

This authorisation, which is granted by the 16th resolution, will replace the authorisation granted by the 14th resolution passed at the General Meeting of 6 June 2019.

The programme was established in accordance with Article 241-1 *et seq.* of the AMF General Regulation and the Commission Delegated Regulation (EU) 2016/1052, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes, as well as market practises approved by the AMF. The table below shows the terms and conditions of the new programme for the Company to buy back its own shares to be submitted to the vote at the 2020 General Meeting.

Securities concerned	Ordinary shares
Maximum amount of share capital of which the purchase has been authorised by the General Meeting	The number of shares purchased in respect of this delegation will be subject to a dual limitation, such that: <ol style="list-style-type: none"> the number of shares purchased by the Company in the course of the buyback programme shall not exceed 10% of Company's share capital, at any given time. This percentage applies to share capital adjusted to take into account any equity transactions that may be conducted after the 2020 General Meeting, it being specified that: (i) when the Company's shares are purchased to stimulate liquidity in accordance with the requirements of the AMF General Regulation, the number of shares taken into account to calculate the aforementioned 10% limit is the number of shares purchased, less the number of shares resold during the term of the authorisation, and (ii) the number of shares purchased with a view to retaining them and subsequently delivering them during acquisitions may not exceed 5% of its share capital; the number of shares held by the Company at any given time does not exceed 10% of the shares constituting the share capital of the Company on the date in question.
Maximum purchase price	€60 (excluding costs) (or the equivalent amount on the same date in any other currency or monetary unit established by reference to several currencies).
Maximum amount of funds available for the purposes of this programme	€496,385,400 (or the equivalent amount on the same date in any other currency or monetary unit established by reference to several currencies).
Objectives	<ul style="list-style-type: none"> award or sell shares to employees under the Company's profit-sharing scheme or any employee savings plan as provided for by law, in particular article L. 3332-1 <i>et seq.</i> of the French Labour Code; and/or allocate free shares to Group employees and/or corporate officers; and/or deliver shares to cover commitments under stock option plans or an award of free shares (or similar plans) and/or any other forms of awards of shares to employees and/or corporate officers of the Company and/or of the Group; and/or deliver shares in connection with the exercise of rights attached to transferable securities conferring access to the Company's share capital by the redemption, conversion, exchange or presentation of a warrant or in any other manner; and/or cancel all or some of the securities thus bought back, provided resolution 17 is adopted by the 2020 Meeting; and/or hold and transfer shares for the purpose of exchange during mergers, spin-offs or capital contributions, or for payment or other purposes during acquisitions; and/or purchase shares following a reverse stock split of the Company's shares, in order to facilitate reverse stock split transactions and the management of fractional shares; and/or support the secondary market or promoting the liquidity of the Company's shares by an investment services provider acting under the terms of a liquidity agreement that complies with practices permitted by law; and/or enable the Company to trade in its own shares for any other purpose authorised, or that may be authorised in the future, by the laws and regulations in force. In such cases, the Company would inform its shareholders by way of a press release.
Buyback terms and conditions	Shares may be acquired, sold or transferred at any time (except during periods when a takeover bid for the Company has been launched), within the limits set by law and the regulations currently in force or that may become effective at some future time, on one or more occasions, by any means and on any market, including on regulated markets, a multilateral trading system, a systematic internaliser, or OTC markets, including block purchases or sales (with no limit on how much of the buyback programme can be carried out in this manner), by public offerings, or through the use of option mechanisms or other financial futures or forward contracts, or by delivering shares in connection with an issue of securities giving access to the Company's share capital, either directly or indirectly via an investment service provider, and at the times when the Board of Directors, or the person acting on a delegation of authority from the Board of Directors so decides.
Duration of programme	18 months starting from the date of the 2020 General Meeting.

Pursuant to Article L. 225-211 of the French Commercial Code, the Company confirms that it bought back 26,897 shares in 2019 in respect of the 2016 performance units plan.

Furthermore, the Company has not used any derivatives in connection with its share buyback programme and has no open positions (buy or sell) at 31 December 2019.

7.3.3 Dividend policy

The payment of dividends or any other distribution depends on the Group's financial results, notably its net profit and its investment policy.

Given the scale of the public health crisis and the need to continue investing massively in quality care and the protection of its residents, patients and staff, the Board of Directors decided at its meeting on 29 April 2020 to submit a proposal to the 2020 General Meeting that all distributable income be allocated to retained earnings, such that no dividends be paid in respect of the 2019 financial year.

Dividend distribution for the last three financial years is summarised in a table in section 5.4.1 of the present universal registration document.

7.3.4 Threshold-crossing disclosures

Any individual or legal entity, acting alone or in concert with others, who acquires shares or voting rights in excess of the regulatory thresholds in force (Article L. 233-7 of the French Commercial Code), must disclose all of the information required by said regulations. The same disclosure rules apply when holdings of shares or voting rights fall below the regulatory thresholds in force.

Threshold-crossing disclosures filed by the Company's shareholders and the disclosures filed by corporate officers in connection with transactions involving the Company's shares are available on the AMF's website (www.amf-france.org).

Disclosure of shareholdings falling below regulatory thresholds

On 24 June 2019, Canadian pension fund the Public Sector Pension Investment Board (Investissements PSP) announced that it had lowered its stake in the Company's share capital and voting rights to below the 10% threshold on 20 June 2019 and that it subsequently owned 5,400,000 of the Company's shares and an equivalent number of voting rights, i.e. 6.59% of Korian's share capital and voting rights on this date.

7.4 Korian share information

7.4.1 Listing market and indices

Korian SA is listed on the Euronext Paris stock exchange (Compartment A) and is eligible for the deferred settlement system (SRD).

Share profile – Korian SA

	ISIN code	FR0010386334
	Stock markets	Continuous trading on the Euronext Paris stock exchange (Compartment A) Ticker: KORI (Euronext), KORI.PA (Reuters), KORI.FP (Bloomberg)
	Present on main indices	SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap
	Share eligibility	SRD (Deferred Settlement System) and PEA (share savings plan)
	Nominal value	€5
	Number of outstanding shares at 31 December 2019	82,728,270
	Share price at 31 December 2019	€41.92
	Market capitalisation at 31 December 2019	€3,467,969,078

7.4.2 Korian share price and transaction volumes

Change in price

Month	Share price (€)			Number of shares traded Monthly volumes	Share capital (in millions of euros) Monthly total
	Average (closing)	High	Low		
January 2019	32.160	34.280	30.080	2,641,765	84.88
February 2019	32.978	34.780	30.320	2,683,827	88.28
March 2019	34.408	33.300	31.920	3,487,796	121.81
April 2019	34.841	36.640	33.140	3,934,037	136.50
May 2019	35.369	36.740	34.080	2,291,488	81.00
June 2019	34.741	37.180	32.900	6,174,354	211.32
July 2019	34.097	35.760	32.820	3,266,503	111.34
August 2019	35.987	37.300	34.260	3,567,156	128.34
September 2019	36.326	38.240	34.560	3,475,044	127.83
October 2019	37.398	39.100	35.900	2,694,795	101.65
November 2019	39.036	40.280	37.660	2,310,874	90.27
December 2019	40.732	42.240	39.460	1,941,731	78.81
High, low and average for the period	35.673	42.240	30.080	3,205,781	113.5
TOTAL				38,469,370	1,362.03

Source: Euronext Paris (monthly information, high, low and average for the period).

Management of directly registered share account

The directly registered share account is managed by the following institution:

CACEIS INVESTOR SERVICES

14, rue Rouget-de-Lisle, 92130 Issy-les-Moulineaux

Management of liquidity agreement

The liquidity agreement is managed by ODDO BHF.

Analyst coverage

Alpha Value
 Berenberg
 Bryan Garnier
 CM-CIC
 EQUITA
 Exane-BNP Paribas
 Gilbert Dupont
 HSBC
 Kepler Cheuvreux
 Mainfirst Bank
 MidCap Partner
 ODDO BHF
 Portzamparc
 Société Générale

7.4.3 Provision of information to shareholders

7.4.3.1 Financial communication schedule for 2020

27 February 2020: 2019 annual earnings.

29 April 2020: Q1 2020 revenue.

22 June 2020: 2020 General Meeting.

30 July 2020: H1 2020 earnings.

28 October 2020: Q3 2020 revenue.

This schedule is provided for information purposes only and may be changed if necessary.

Publications will be issued after the close of trade on the Euronext Paris.

7.4.3.2 Information for individual shareholders and institutional investors

Since listing on the stock market, Korian has maintained a trusting relationship with both its individual and institutional investors founded on dialogue and transparency.

Korian is committed to informing its shareholders about its business activity, strategy and growth prospects in a transparent and accurate manner and on a lasting basis.

Information materials

To this end, Korian ensures all of its reported financial information (press releases, universal registration document, financial presentations, etc.) is available to the public, in French and English, on its website www.korian.com.

Universal registration document, annual financial report and integrated report

These documents are available for download on the Korian website and may be obtained from the Company in printed form, free of charge, upon request.

Shareholders' meetings

Korian takes active steps to engage its individual and institutional shareholders in an ongoing dialogue by taking part in a host of events and meetings throughout the year:

Annual General Meeting

Korian's General Meeting is one of the recurring highlights of the Company's relationship with shareholders, providing an opportunity for listening and discussion with the Board of Directors. It notably provides an opportunity to discuss the key developments and the strategy implemented over the course of the preceding financial year. It enables all shareholders to take part in important decisions concerning the Group and express their opinion via the resolutions put to the vote.

Investor meetings

Korian takes part in numerous one-to-one investor meetings, sector conferences and roadshows, in France and abroad (London, Frankfurt, Brussels, Geneva and the United States).

Information meetings and site visits

Two SFAF (French Society of Financial Analysts) meetings are held every year to present the Company's annual and interim results to the financial community (investors, analysts, financial press, etc.).

Korian also organises visits to its care homes in France for small groups of investors.

7.5 Conditions for Shareholder participation in general meetings

Shareholders' participation in general meetings is governed by the legislation and regulations in force applicable to companies whose shares are admitted to trading on a regulated market, and by Article 15 of the Company's Articles of Association specifying the terms and conditions of such participation.

Pursuant to Article 15 of the Articles of Association, all shareholders may, subject to the Board of Directors' approval upon convening the general meeting, take

part via videoconference and vote by any means of telecommunication or remote transmission, including the Internet, in accordance with the regulations applicable to its usage in force at that time. This decision shall be indicated in the notice of meeting.



Additional information

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8.1 Person responsible for the universal registration document

8.1.1 Person responsible for the universal registration document

Person responsible for the universal registration document: Mrs Sophie Boissard, Chief Executive Officer.

8.1.2 Declaration by the person responsible

I certify that, having taken all reasonable care to ensure that such is the case, the information contained in this universal registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's assets, financial position and results, as well as those of its consolidated subsidiaries, and that the management report included in this universal registration document provides a fair view of the development of the business, results and financial position of the Company and of all of its consolidated subsidiaries, and a description of the main risks and uncertainties they face.

Paris, 7 May 2020

Mrs Sophie Boissard

Chief Executive Officer

8.2 Entities responsible for auditing the financial statements

Statutory Auditors are selected by the Board of Directors on the recommendation of the Audit Committee, which is responsible for ensuring compliance with the rules requiring the rotation of firms and key signatory partners, in accordance with legal and regulatory provisions.

8.2.1 Appointed Statutory Auditors

Name	Date reappointed	Date appointment ends
Mazars Tour Exaltis 61, rue Henri-Regnault 92400 Courbevoie	25 June 2015	Annual General Meeting voting on the financial statements for the year ending 31 December 2020
Ernst & Young et Autres Tour First 1, place des Saisons 92037 Paris La Défense	22 June 2017	Annual General Meeting voting on the financial statements for the year ending 31 December 2022

8.2.2 Alternate Statutory Auditors ⁽¹⁾

Name	Date reappointed	Date appointment ends
Mazars alternate auditor Mr Cyrille Brouard ⁽²⁾ Tour Exaltis 61 rue Henri-Regnault 92400 Courbevoie	25 June 2015	Annual General Meeting voting on the financial statements for the year ending 31 December 2020

(1) Article L. 823-1, paragraph 2 of the French Commercial Code, which codified the "Sapin 2 Act", eliminated the requirement to appoint an alternate Statutory auditor if the appointed Statutory auditor is not an individual or sole proprietorship. Therefore, on 15 March 2017, the Board of Directors decided not to reappoint Auditex as alternate Statutory auditor, whose mandate expired at the conclusion of the Annual General Meeting voting on the financial statements for the year ended 31 December 2016, i.e. on 22 June 2017.

(2) Mr Cyrille Brouard having resigned, the General Meeting convened to vote on the financial statements for financial year 2019 will be asked to appoint a new alternate Statutory auditor.

Mazars and Ernst & Young et Autres are in compliance with the laws on the rotation of signatory partners (article L. 822-14 of the French Commercial Code and article 17 of Regulation (EU) No. 537/2014) as:

- Mrs Anne Veaute, Mazars' signatory partner, certified the Company's financial statements for the first time for the financial year ended 31 December 2019;

- Mrs May Kassis-Morin, Ernst & Young et Autres' signatory partner, certified the Company's financial statements for the first time for the financial year ended 31 December 2017, at the conclusion of a three-year period during which the financial statements were certified by Sophie Duval.

8.3 Glossary

The table below contains definitions of the terms and acronyms specific to the medical-social and post-acute and psychiatric sectors that are used in this universal registration document.

Term or acronym	Definition
Belgian federal food chain safety agency (AFSCA)	A Belgian organisation whose main role is to ensure food chain safety and the quality of food in order to protect the health of humans, animals and plants. To do so, the AFSCA devotes considerable energy to preventing and managing crises and endeavours to respond appropriately and efficiently to events that threaten the food chain.
French national agency for the assessment and quality of social and medical-social facilities and services (ANESM)	A French organisation whose purpose is to develop a culture of care and respect within facilities and medical-social services that look after fragile people (particularly the elderly). The ANESM provides guidelines and recommendations concerning clinical best practices. It assesses their implementation and submits the results for appraisal to a supervisory authority.
Regional health agency (ARS)	A public administrative body of the French government responsible for implementing health policy in a region.
Personal independence allowance (PIA)	An allowance granted in France to persons aged 60 and above who are losing their autonomy and require help in performing essential daily functions.
Regional Health Authority – Azienda Sanitaria Locale (ASL)	In the Italian healthcare system, a public regional authority which manages all healthcare operators, from hospitals to home care providers, under a single budget.
Benevolence, Ethics and Care for all (BEST)	Method of medical care combining comforting gestures and soothing words to improve care and the quality of daily life for persons with illnesses. This method is taught to Korian employees in France as part of their specific training and was first launched in January 2011.
Day care centre (DCC)	Term used in Belgium to refer to centres located in, or associated with, Care Homes or Nursing and Care Homes. They provide treatment and, where necessary, therapeutic and social care during the day to persons over the age of 60 who are experiencing loss of autonomy.
Post-acute and rehabilitation care clinics	Clinics in which patients are hospitalised for the medium or long term and that provide physical therapy, rehabilitation and reinsertion assistance for patients following an acute episode of chronic illness, an accident or post-operative trauma.
Healthcare Vigilance and Risk Management Committee (COVIRIS)	A French committee that coordinates all existing risk management systems, identifies and analyses risks <i>ex-ante</i> and <i>ex-post</i> , defines priority actions and monitors their implementation, assesses their efficiency and raises awareness among the facility's professional staff.
User Relations Commission (CDU)	Formerly known as the User Relations and Dependency Care Quality Commission (CRUQPC). A French authority whose main purpose is to ensure that users' rights are observed and to make processes easier for them to express any difficulties they may have.
Social Life Committee	Framework within which residents and families are invited to participate in the life of the facility.
Organic growth	The Group's organic growth is calculated as follows: <ul style="list-style-type: none"> • change in revenue from one year to the next for facilities that are already operating; • revenue generated from facilities opened in the current year or in the previous year; • change in revenue from one year to the next for facilities that have been renovated or whose capacity was increased in the current year or in the previous year; • change in revenue for acquired facilities between the equivalent period the previous year and the current year.
Medical waste from activities with risk of infection	Waste from healthcare activities which could present infectious, chemical, toxic or radioactive risks and which must be controlled in order to protect hospitalised patients, healthcare staff and persons who remove the waste, as well as the environment.
Departmental Directorate for the Protection of Populations (DDPP)	A French organisation that groups together veterinary services and regulatory services governing competition, consumption and fraud prevention. Its primary purpose is to implement public population protection policies.

Term or acronym	Definition
Professional Risk Evaluation Document (DUERP)	In France, a mandatory document for all companies, regardless of their workforce or business sector, prepared by the employer. It lists the risks that exist within the Company and must be updated annually and each time a change is made to working conditions. This document must be made available to the CHSCT (Committee for Health, Security and Working Conditions), staff representatives and company employees, as well as during work inspections.
EBITDA	Corresponds to EBITDAR, net of rental expenses.
EBITDAR	A Group performance indicator enabling it to monitor the operating performances of its entities. It corresponds to operating income before rental expenses not covered by IFRS 16 "Leases", depreciation, amortisation and provisions, other operating income and expenses, and gains and losses on the acquisition and disposal of consolidated entities of operating segments.
Full-Time Equivalent (FTE)	A unit to measure the employment of employed persons or students in a way that makes them comparable even if they work or study a different number of hours per week. The FTE is obtained by comparing the number of hours an individual devotes to work or studies with the average number of hours of a full-time worker or student.
Long-term care nursing home (LTCNH)	A medical facility authorised by the French government to host dependent elderly persons and with a care team responsible for providing the required medical care to each resident according to their personal circumstances.
Serious Adverse Events (SAE)	Events liable to cause dysfunctions or undermine the principle of best care practices. They are qualified as "serious" if they cause hospitalisation or lead to prolonged hospitalisation, an inability to leave the unit or a life-threatening risk.
French Private Hospitals Federation (FHP)	A French organisation covering around 1,250 private healthcare facilities in France and organised into regional unions and specialised unions. It consults with the public authorities on major issues that involve the future of the healthcare system.
French federation of non-profit private hospitals and healthcare facilities (FEHAP)	A French benchmark federation in the private non-profit post-acute and psychiatric, social and medical-social sectors, grouping together over 3,200 healthcare facilities and care service providers.
Iso-Resource Groups (IRG)	A French national indicator developed to ascertain a person's level of dependency. It classifies individuals into six groups according to their level of dependency.
French National Authority for Health	An independent public scientific organisation tasked with improving medical quality in France.
Hospital Home Care (HHC)	Full-time hospitalisation where treatment is provided in the patient's home.
INAMI	In Belgium, the Institut National d'Assurance Maladie-Invalidité (national medical insurance association) is a public social security body that organises, manages and monitors mandatory healthcare insurance and payments.
Coordinating state-accredited nurses (IDEC)	In France, state-accredited nurses handling hands-on management duties.
Care home for the elderly (MRPA)	A term used in Belgium to refer to (care) beds in care homes reserved for the elderly.
Nursing and care home (MRS)	A term used in Belgium to refer to (nursing) beds in care homes. These beds are reserved for highly dependent people who do not require acute care but for whom a higher level of care is provided.
Medicine-Surgery-Obstetrics (MSO)	Acronym used to define facilities that provide acute care.
Pflegeheime	A German term for long-term care nursing homes.
Residenze sanitarie per anziani (RSA)	An Italian term for long-term care nursing homes.
Corporate social responsibility (CSR)	The incorporation of social, environmental and governance issues into the Company's policies, activities and interactions with all stakeholders.

Term or acronym	Definition
Safety and Maintenance Managers (SMM)	In France, managers who are present in each region and who are primarily tasked with implementing and monitoring safety standards, and with monitoring maintenance operations. In coordination with the technical managers in each facility, they ensure best practices are implemented and monitor them.
Home nursing services (HNS)	Social and medical-social bodies that provide nursing services in the patient's everyday environment (home, long-term care nursing home or collective housing) so as to shorten or, if possible, avoid hospital stays.
Quality Management System (QMS)	Term used in Italy to refer to the reporting system set up by facilities that have ISO 9001-2008 certification, based on a quality manual, appropriate procedures for each type of facility, and an intranet reporting platform accessible only by the Group's Quality Department in Italy.
Musculoskeletal disorders (MSD)	Conditions that affect structures in the area of the joints (muscles, tendons, nerves, ligaments, synovial bursa, joint capsules, blood vessels, etc.).
Validation of Acquired Experience (VAE)	A French system that allows a person to obtain all or part of a certification (diploma, professional credential or certificate of professional qualification) based on salaried or non-salaried work experience (retailer, employee of a retailer, freelancer, farmer or craftsman, etc.) and/or unpaid experience (union, community work) and/or volunteer experience. This experience, which must be related to the certification sought, is approved by a board of examiners.

8.4 Cross-reference tables

Cross-referencing with sections of Annexes 1 and 2 to European Regulation 2019/980

The cross-reference table below identifies the information in the present universal registration document that is referred to in the different sections of Annexes 1 and 2 of Commission Delegated Regulation (EC) No. 2019/980 of 14 March 2019.

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8.5 Anticipated sources of funds needed to fulfil the issuer's commitments	5.3.2.2 / 6.1 (note 9)	212 / 252
9 Regulatory environment	3.5.1.2	114
10 Trend information		
10.1 Most significant trends and any significant change in financial performance since the end of the last financial period	5.7	218
10.2 Known trends or uncertainties that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	5.7 / 5.8	218 / 222
11 Profit forecasts or estimates		
11.1 Profit forecasts or estimates published	N/A	
11.2 Principal assumptions	N/A	
11.3 Statement of comparability with historical financial information and consistency with accounting policies	N/A	
12 Administrative, management and supervisory bodies, and senior management		
12.1 Information about the members of the administrative and management bodies	4.1.1 / 4.1.2 / 4.1.3 / 4.1.4	145 / 149 / 181
12.2 Conflicts of interest in the administrative, management and supervisory bodies and senior management	4.1.5	181
13 Remuneration and benefits		
13.1 The amount of remuneration paid and benefits in kind granted to members of the administrative and management bodies	4.2	184
13.2 Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	6.1 (note 5.2)	241
14 Board practices		
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14.2 Service contracts with members of the administrative and management bodies	N/A	
14.3 Information about the issuer's audit committee and remuneration committee	4.1.3.2.4 / 4.1.3.3.1 to 4.1.3.3.2	171 / 175-177
14.4 Statement as to whether the issuer complies with the corporate governance regime	4	141
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15 Employees		
15.1 Number of employees	3.3.1	85
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15.3 Arrangements for involving employees in the capital of the issuer	7.2.4.3	314

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16 Major shareholders		
16.1 Shareholders with more than 5% of the issuer's capital	7.3.1	317
16.2 Whether shareholders have different voting rights	N/A	
16.3 Whether the issuer is owned or controlled	7.3.2	317
16.4 Arrangements which may result in a change in control of the issuer	7.2.5	316
17 Related party transactions	6.1 (note 14.1)	261
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18.1 Historical financial information		
18.1.1 Audited historical financial information	6.1 / 6.3	224 / 281
18.1.2 Change of accounting reference date	N/A	
18.1.3 Accounting standards	6.1	224
18.1.4 Change of accounting framework	N/A	
18.1.5 Minimal content that must be included in the audited financial information	N/A	
18.1.6 Consolidated financial statements	6.1	224
18.1.7 Age of financial information	6	223
18.2 Interim and other financial information	6.3	281
18.3 Auditing of historical annual financial information		
18.3.1 Audit report	6.2 / 6.4	277 / 296
18.3.2 Other audited information	N/A	
18.3.3 Non-audited financial information	N/A	
18.4 Pro forma financial information	N/A	
18.5 Dividend policy	7.3.3	319
18.5.1 Description	7.3.3	319
18.5.2 The amount of the dividend per share	7.3.3 / 5.4	319 / 217
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18.7 Significant change in the issuer's financial position	5.6	217
19 Additional information		
19.1 Share capital		
19.1.1 The amount of issued capital and information about each class of share capital	7.2.1	306
19.1.2 Number and characteristics of shares not representing capital	7.2.3.3	314
19.1.3 Number, book value and face value of shares held by or on behalf of the issuer itself or by subsidiaries of the issuer	7.3.2.2	317
19.1.4 The amount of any convertible or exchangeable securities or securities with warrants	7.2.4	314
19.1.5 Information about and terms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital	7.2.3	307
19.1.6 Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	N/A	
19.1.7 A history of the share capital for the period covered by the historical financial information	7.2.2	306
19.2 Memorandum and articles of association		
19.2.1 The issuer's objects and purposes	7.1.2.2	302
19.2.2 A description of the rights, preferences and restrictions attaching to each class of existing shares	7.1.2.3	302
19.2.3 Any provision that would delay, defer or prevent a change in control of the issuer	7.2.5	316
20 Material contracts	N/A	
21 Documents available	7.4.3.2	321

Cross-referencing with information required in the management report

The cross-reference table below identifies the information in the present universal registration document that constitutes the management report in accordance with applicable legal and regulatory provisions and in particular with articles L. 225-100 et seq. of the French Commercial Code.

Theme		Chapter	Page
1	Information about the company's business		
1.1	Presentation of the business activity (particularly progress made and difficulties encountered) and results of the Company, each subsidiary and the Group	5.1 / 5.2	208 / 209
1.2	Analysis of changes in the revenues, earnings, financial position and especially the debt of the Company and the Group	5.3	210
1.3	Foreseeable development of the Company and/or Group	5.8	222
1.4	Key financial and non-financial indicators of the Company and the Group	1 / 3.1.2 / 5.2 / 5.3	8 / 67 / 209 / 210
1.5	Material events since the Company's and Group's year-end	5.7	218
1.6	Indications about its objectives and policy with respect to hedging each main category of planned transactions for which hedge accounting is used, and about its exposure to price, credit, liquidity and cash risks. These indications include the company's use of financial instruments	6.1 (note 9.2)	253
1.7	Description of the Company's and Group's main risks and uncertainties	2.1 / 2.2 / 2.3 / 2.4	45 / 50 / 51 / 53
1.8	Indicators of the financial risks resulting from climate change and a presentation of the measures taken by the company to reduce them by implementing a low-carbon strategy in all aspects of its business	2.3.2 / 3.6	51 / 123
1.9	Information about the Company's and Group's R&D	5.3.3.8	216
1.10	Main features of the internal control and risk management procedures implemented by the Company for the purposes of preparing and processing accounting and financial information	2.5	56
1.11	References to existing branches	5.3.3.6	215
1.12	Activity and results of the consolidated Company, its subsidiaries and the companies that it controls, by business segment	5.2	209
2	Legal, financial and fiscal information about the Company		
2.1	Breakdown, identity and changes in the ownership structure	7.3.1	317
2.2	Names of controlled companies participating in the Company's treasury stock and the share of the capital they hold	7.3.2.1	317
2.3	Significant equity investments made during the year in companies incorporated in France	7.2.6	316
2.4	Disclosure of more than 10% ownership of the capital of another joint stock company; disposal of cross-shareholdings	N/A	
2.5	Share buybacks	7.3.2	317
2.6	Acquisition and disposal by the Company of its own shares with a view to allocating them to its employees (share buybacks)	7.3.2.3	318
2.7	Employee ownership of the share capital	6.1 (note 5)	240
2.8	Opinion of the works council on changes in the Company's economic or legal structure	N/A	
2.9	Five-year financial summary	5.3.3.7	216
2.10	Results for the financial year and proposed allocation of profit	5.4.2	217
2.11	Issue of securities conferring rights to capital: <ul style="list-style-type: none"> information on the data used to calculate adjustments and the results of these adjustments 	7.2.4	314
2.12	Amount of dividends paid out for the previous three financial years	5.4.1	217
2.13	Non-deductible expenses and charges	5.3.3.5	215

Theme	Chapter	Page
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2.15	N/A	
2.16	6.5	300
2.17	N/A	
3	Information about company officers	
3.1	N/A	
3.2	4.1.5.1	181
3.3	7.2.4.3 / 4.2.1.1 / 6.1 (note 5.3)	314 / 187 / 243
4	The Company's CSR information	
4.1	3	63
4.2	N/A	
5	Other information	
5.1	N/A	
5.2	N/A	
5.3	5.3.3.8	216
5.4	N/A	
5.5	N/A	
5.6		
• risk mapping to identify, analyse and classify risks;	2.5.5 / 3.7.2.1	58 / 133
• procedures to regularly assess the financial position of subsidiaries, subcontractors and suppliers with which the company has long-standing commercial ties, based on a mapping of risks;	3.6.2.3 / 3.7 / 3.7.2.2 / 3.7.2.3	129 / 132 / 133 / 136
• suitable measures to mitigate risk or prevent serious violations;	2.5	56
• a whistleblowing procedure and a mechanism to record reports received of the existence or occurrence of risks, established in cooperation with the labour unions in the Company;	3.7.2.2	133
• a system to monitor measures that have been implemented and to assess how effective they are	3.7.2.3	136

Cross-referencing with information required in the annual financial report

The cross-reference table below identifies the information in the present universal registration document that constitutes the annual financial report in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the General Regulation of the French Financial Markets Authority.

Theme	Chapter	Page
1 Statement made by the natural persons taking responsibility for the annual financial report	8.1	324
2 Management report	See management report cross-reference table	
3 Financial statements and reports		
3.1 Individual financial statements	6.3	281
3.2 Statutory auditors' report on the individual financial statements	6.4	296
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Cross-referencing with information required in the corporate governance report

The cross-reference table below identifies the information in the present universal registration document that constitutes the management report in accordance with applicable legal and regulatory provisions and in particular with articles L. 225-100 *et seq.* of the French Commercial Code.

Theme	Chapter	Page
1 List of offices and duties exercised by each company officer in any company during the financial year	4.1.2.1 / 4.1.3.1.1	145 / 149
2 An agreement entered into, either directly or through an intermediary, between a company officer or shareholder holding more than 10% of the share capital and another company in which the former directly or indirectly holds more than half of the share capital	4.1.5.3	183
3 Summary of currently valid delegations of authority granted by the General Meeting in respect of capital increases and describing the use made of these delegations during the financial year	7.2.3.1	307
4 Choice of methods for performing general management functions	4.1.1	145
5 Policy applicable to the compensation of company officers	4.2.1.1 / 4.2.1.2	187 / 194
6 Components of the compensation of company officers	Executive summary / 4.2.2	186 / 197
7 Information to provide relating to pension commitments	4.2.1.1 / 6.3	187 / 281
8 Composition of the board of directors and conditions for preparing and organising the work of the board	4.1.3	149
9 Any limitations that the board of directors imposes on the powers of the chief executive officer	4.1.2.1 / 4.1.3.2.1	145 / 168
10 Corporate governance code selected and any of the code's provisions that were excluded	4 / 4.1.4	141 / 181
11 Special procedures for participating in general meetings	7.5	322
12 Information about factors which may have an impact in the event of a takeover bid	7.2.5	316
13 Application of the principle of balanced representation of men and women on the board of directors and supervisory board	4.1 / 4.1.3.1.2	144 / 162
14 Fair pay ratio and information on the compensation gap between company officers/ employees	4.2.2.3	204

Cross-reference table of social, environmental and corporate responsibility information

Non-financial performance report

Theme	Chapter	Page
1 Presentation of the Company's or Group's business model	1	5
2 Description of the main risks relating to the activities of the Company or of all the companies with respect to social issues, environmental issues, human rights, corruption and tax evasion, including, where relevant and proportionate, the risks resulting from its business relations, products and services	2 / 3.1	43 / 66
3 Description of the policies applied by the Company or by all the companies including, where applicable, reasonable due diligence procedures implemented to prevent, identify and mitigate risks	2.5 / 3.1	56 / 66
4 The outcome of these policies, including key performance indicators	2 / 3.1.2	43 / 67
5 The report must cover the following topics: <ul style="list-style-type: none"> • the impact of the Company's operations on climate change and the use made of the goods and services it produces; • the company's commitment towards: <ul style="list-style-type: none"> • sustainable development, • the circular economy, • preventing food waste, • preventing food insecurity, • respect for animal welfare, • responsible, fair and sustainable food; • collective agreements signed by the company and their impact on its financial performance and on the working conditions of its employees; • measures aimed at tackling discrimination and promoting diversity; • measures taken in support of people with disabilities. 	3	63
6 References to the standard and indication of the recommendations set out in said standard	3.8	137

List of social, environmental and corporate responsibility information as stipulated in article R. 225-105 II of the French Commercial Code

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1 INFORMATION ON SOCIAL RESPONSIBILITY		
1.1 Workforce		
1.1.1 Total workforce and breakdown of employees by gender, age and geographical area	3.3.1	85
1.1.2 Recruitments	3.3.1	85
1.1.3 Dismissals	N/A	
1.1.4 Compensation and changes in compensation	3.3.3.2	98
1.2 Work organisation		
1.2.1 Organisation of working time	3.3.3	98
1.2.2 Absenteeism	3.3.2.1	95
1.3 Labour relations		
1.3.1 Organisation of industrial relations (rules and procedures for informing, consulting and negotiating with employees)	3.3.3.1	98
1.4 Health and safety		
1.4.1 Occupational health and safety conditions	3.3.2	95
1.4.2 Review of the occupational health and safety agreements signed with unions and staff representatives	3.3.2.1	95
1.4.3 Frequency rates and severity rates of work-related accidents and occupational illnesses	3.3.2.1	95
1.5 Training		
1.5.1 Training policies	3.3.1.2 / 3.3.1.3	89 / 93
1.5.2 Total number of training hours	3.3.1.2	89
1.6 Equal treatment		
1.6.1 Measures taken in support of employment and gender equality	3.3.4	100
1.6.2 Measures taken in support of employing and integrating disabled people	3.3.4	100
1.6.3 Anti-discrimination policy	3.3.4	100
2 INFORMATION ON ENVIRONMENTAL RESPONSIBILITY		
2.1 General environmental policy		
2.1.1 The Company's organisation and procedures to assess and certify its environmental performance	3.6	123
2.1.2 Resources dedicated to preventing environmental risks and pollution	3.6	123
2.1.3 Amount of provisions and guarantees covering environmental risks	N/A	
2.2 Pollution and waste management		
2.2.1 Prevention, reduction or remedial measures as regards air, water and soil pollution having a serious impact on the environment	3.6	123
2.2.2 Prevention of waste production and recycling and elimination of waste	3.6.3	130
2.2.3 Provisions addressing noise and light pollution	N/A	
2.2.4 Measures to prevent food waste	3.6.2.2	128
2.3 Sustainable use of resources		
2.3.1 Water consumption and supply in accordance with local constraints	3.6.2.1	125
2.3.2 Consumption of raw materials and measures taken to use them more efficiently	3.6.2.1	125
2.3.3 Energy consumption and measures taken to improve energy efficiency and promote the use of renewable energy sources	3.6.2.1	125
2.3.4 Land use	N/A	
2.4 Climate change		
2.4.1 Greenhouse gas emissions: major sources of emissions and reduction targets set	3.6.1.1	123
2.4.2 Adaptation to the consequences of climate change	3.6	123
2.5 Protecting biodiversity	N/A	

Information	Chapter	Page
3 INFORMATION ON CORPORATE RESPONSIBILITY		
3.1 Company commitments towards sustainable development		
3.1.1 <i>Impact of activities on employment and local development</i>	3.5.2.1	120
3.1.2 <i>Impact of activities on neighbouring or local populations</i>	3.6	123
3.2 Relations with stakeholders and forms of dialogue		
3.2.1 <i>Partnerships and corporate philanthropy</i>	3.4 / 3.5	105 / 114
3.3 Subcontractors and suppliers		
3.3.1 <i>Provisions in the purchasing policy that address social and environmental issues</i>	3.5.3 / 3.6.1	121 / 123
3.3.2 <i>Importance of subcontracting and incorporation of corporate, social and environmental responsibility into relations with suppliers and subcontractors</i>	3.7.2.2	133
3.4 Fair practices		
3.4.1 <i>Measures taken to promote the health and safety of consumers</i>	3.7.2.2	133
3.5 Measures taken to prevent all forms of corruption	3.7.1.2	132
3.6 Measures taken to support human rights: promotion and observance of the principles of the International Labour Organization's fundamental conventions on: <ul style="list-style-type: none"> • freedom of association and the right to collective bargaining; • elimination of discrimination in respect of employment and occupation; • elimination of all forms of forced and compulsory labour; • effective abolition of child labour. 	3.7	132

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