

ORPEA PUBLISHES THE SUMMARY OF THE EXTERNAL ASSESSMENT REPORT ON SUBJECTS RELATING TO THE CARE OF NURSING HOMES RESIDENTS IN FRANCE AND TO EMPLOYMENT LAW

Puteaux, 29 June 2022 (8:00 PM CEST)

As per its commitment, the ORPEA Group has posted on its [website](#) the summary of the final conclusions of the audits carried out by Grant Thornton and Alvarez & Marsal, on the subject relating to the care of nursing homes residents in France and on employment law topics, thus completing the external surveys commissioned by the Board of Directors.

This follows the publication of the preliminary results of the audits on 26 April 2022 and the publication on 8 June 2022 of the final conclusions of these firms regarding the use of public funds and business relations with third parties, including some public officials, to which reference is made where applicable.

Philippe Charrier, Chairman and Chief Executive Officer, said:

« With the publication of these last two sections on the care of nursing homes residents in France and on labor policies, we are fulfilling the commitment made on 26 January to shed light on the allegations made against the ORPEA Group in the book. Yet, this endeavor for transparency doesn't end here: my successor as CEO, Laurent Guillot, will actively pursue this dialogue with all our stakeholders.

The Grant Thornton and Alvarez & Marsal report allows us to rule out the allegation of a system of widespread abuse. It notably refutes the notion of a rationing of protection as well as several allegations concerning meals and food. However, it does report shortcomings and inadequacies in the handling of adverse events, in the managerial incentive system and in the management of human resources. We have announced and implemented a first set of measures to correct these malfunctions. Remaining true to our commitment to sustainable improvement, we continue to develop our practices with special attention to exemplarity in order to provide the best possible support to vulnerable people.

I would like to once again thank all residents, patients and their families for the trust they continue to place in the group, as well as all of our employees for the engagement they demonstrate on a daily basis. We are also grateful to the 1,900 people who took part in roundtable talks ("Etats Généraux") in our French nursing homes, participating in very rich discussions which will contribute to the group's actions in the coming months. »

Care of residents in French nursing homes and employment laws topics

With respect to the allegations related to the care of residents in French nursing homes and employment law, ORPEA notes in particular that the firms Grant Thornton and Alvarez & Marsal:

- found no evidence to support the following allegations:
 - systematic shortages of incontinence products;
 - rationing on food and in particular on rusks and madeleines;
 - unjustified restrictions applicable to procurement requests for new equipment or products (including protection);
 - discriminatory practices in the hiring process;
- observed:
 - that there is a procedure for monitoring and prescribing a « DCP » (Daily Cost Price) for food, which however provides that staff meals do not reduce the DCP of residents' meals;
 - that the meat portions served in the evening are reduced, without this limitation resulting in calorie and protein intakes being below official recommendations, as proteins are essentially provided during lunchtime;
 - that the systematic use of *Protipulse* (protein-rich food supplement) only concerned a limited number of facilities, and this during the health crisis;
 - the existence of a chronic understaffing situation, which must be considered against the backdrop of a tight employment market in the nursing home sector, it being specified that the practices of the ORPEA Group do not make it possible to offset these difficulties affecting the sector;
 - that the management of care personnel expenses is still too dependent on the occupancy rate and profitability objectives;
 - the existence of procedures for reporting adverse events that comply with regulatory requirements, but insufficient staff awareness on their implementation, resulting in the absence or delay of reports;
 - an overly complex procedure for handling complaints and claims which does not allow for an efficient and exhaustive follow-up;
 - a remuneration and incentive policy that is biased for regional directors due to its overly financial approach. It is however noted that quality criteria are used for facility directors;
 - a policy that favors offering time off in lieu for overtime hours rather than direct payment, exacerbating the problem of understaffing;
 - incompleteness of staff files in 5% of cases and shortcomings regarding pre-hiring statements ("DPAE") in 49% of cases;
 - a significant proportion of fixed-term contracts (22%), in particular for Nursing Assistants (33%), of which 8%, based on the sample analyzed, do not comply with the regulation on the replacement of permanent staff who are absent or awaiting the arrival of a new permanent staff member;
 - a majority of dismissals for serious misconduct, half of which were due to abandonment of position, and a rate of dispute of dismissals for serious misconduct, or real and serious cause of 12%, leading in a significant proportion of cases to a requalification of the dismissal;

- the existence of situations in which the maximum number of residents has been exceeded, without it being a systematic policy;
- failures in the processing of satisfaction questionnaires.

As announced on 26 March 2022, prior to the submission of the findings of these reports, ORPEA implemented a range of remedial measures aiming at correcting its internal processes with the purpose of eradicating the practices identified above, where they still existed.

It is reminded that the work of Grant Thornton and Alvarez & Marsal is necessarily limited and partial, their purpose being to verify allegations made in a book published in January 2022.

The ORPEA group, under the leadership of its new Chief Executive Officer, is determined to continue and correct the deficiencies identified above, to acquire the necessary human resources and to allocate the financial means necessary to do so.

About ORPEA (www.orpea-corp.com)

Founded in 1989, ORPEA is one of the world leaders in Dependency care (nursing homes, assisted living, post-acute and rehabilitation hospitals, mental health hospitals, home care services)

ORPEA is listed on Euronext Paris (ISIN code: FR0000184798) and is a member of the SBF 120, STOXX 600 Europe, MSCI Small Cap Europe and CAC Mid 60 indices.

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