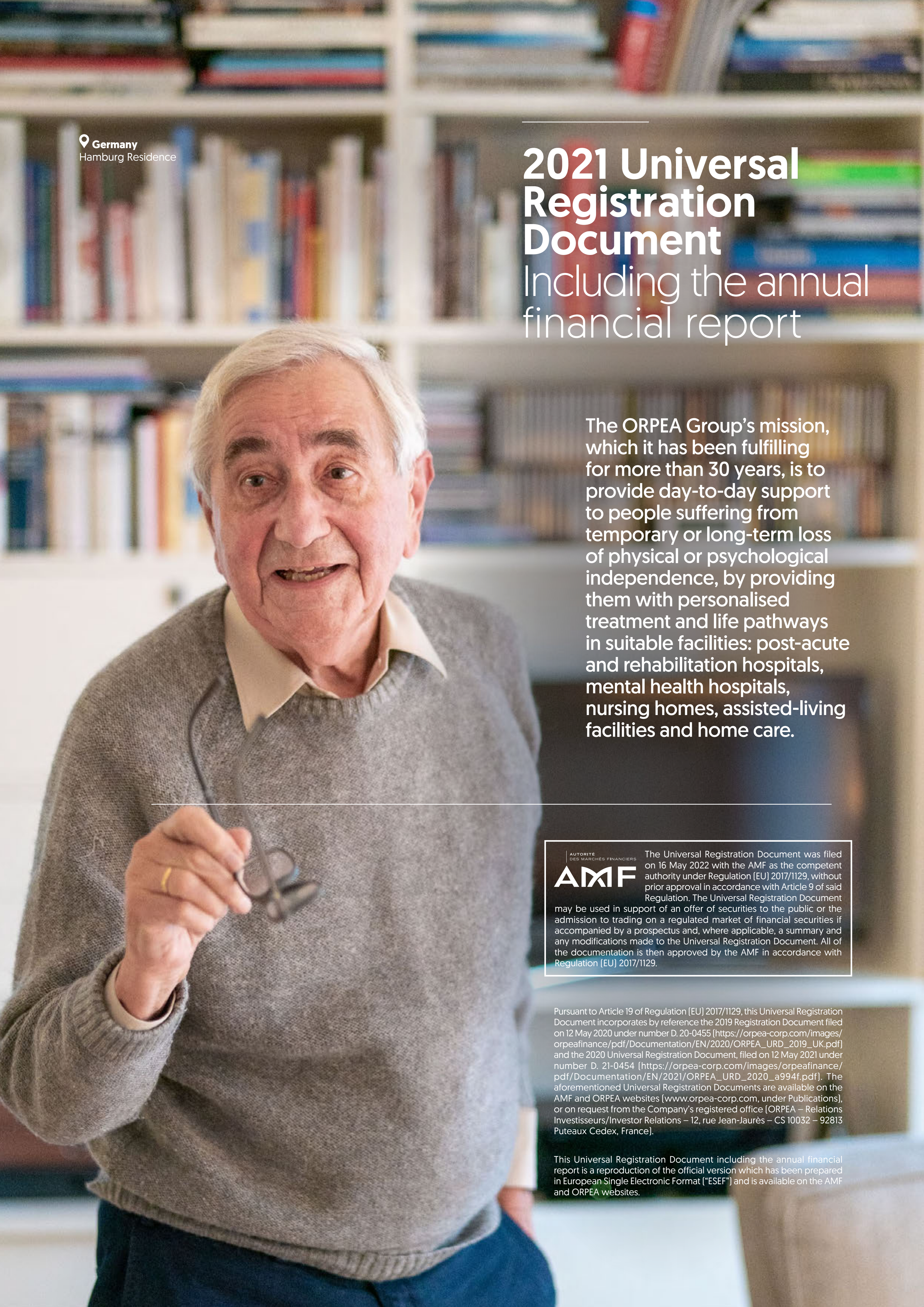
2021 Universal Registration Document

ORPEA GROUP

contents

On the cover:
France
ORPEA Résidences,
Cannes



Germany
Hamburg Residence

2021 Universal Registration Document

Including the annual financial report

The ORPEA Group's mission, which it has been fulfilling for more than 30 years, is to provide day-to-day support to people suffering from temporary or long-term loss of physical or psychological independence, by providing them with personalised treatment and life pathways in suitable facilities: post-acute and rehabilitation hospitals, mental health hospitals, nursing homes, assisted-living facilities and home care.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on 16 May 2022 with the AMF as the competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation. The Universal Registration Document may be used in support of an offer of securities to the public or the admission to trading on a regulated market of financial securities if accompanied by a prospectus and, where applicable, a summary and any modifications made to the Universal Registration Document. All of the documentation is then approved by the AMF in accordance with Regulation (EU) 2017/1129.

Pursuant to Article 19 of Regulation (EU) 2017/1129, this Universal Registration Document incorporates by reference the 2019 Registration Document filed on 12 May 2020 under number D. 20-0455 (https://orpea-corp.com/images/orpeafinance/pdf/Documentation/EN/2020/ORPEA_URD_2019_UK.pdf) and the 2020 Universal Registration Document, filed on 12 May 2021 under number D. 21-0454 (https://orpea-corp.com/images/orpeafinance/pdf/Documentation/EN/2021/ORPEA_URD_2020_a994f.pdf). The aforementioned Universal Registration Documents are available on the AMF and ORPEA websites (www.orpea-corp.com, under Publications), or on request from the Company's registered office (ORPEA – Relations Investisseurs/Investor Relations – 12, rue Jean-Jaurès – CS 10032 – 92813 Puteaux Cedex, France).

This Universal Registration Document including the annual financial report is a reproduction of the official version which has been prepared in European Single Electronic Format ("ESEF") and is available on the AMF and ORPEA websites.

2021 key figures

71,676
employees
at 31 December 2021

€4,299m
in revenue

23
host countries

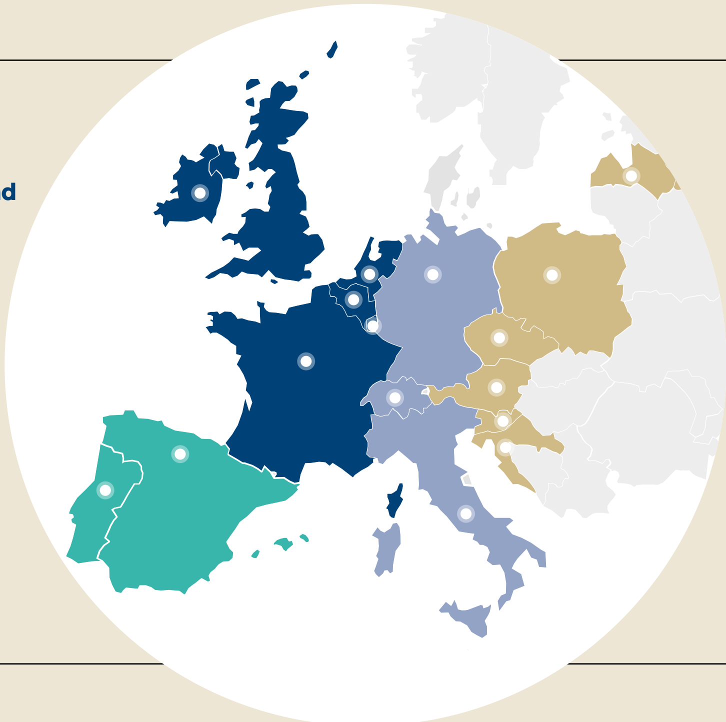
983
facilities open and in operation

255,000
residents and patients

€8.1bn
in real estate assets

€1,070m
in EBITDAR

European network



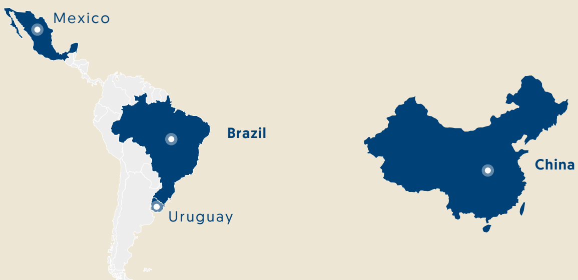
France-Benelux-UK-Ireland
Belgium
Luxembourg
France
Ireland
Netherlands
United Kingdom

Iberian Peninsula
Spain
Portugal

Eastern Europe
Austria
Croatia
Czech Republic
Latvia
Poland
Russia
Slovenia

Central Europe
Germany
Italy
Switzerland

Outside Europe



Our story

The first ORPEA Residences nursing home opens in France in 1989 in Charente-Maritime. The Group's medical and care expertise has since been extended to cover all forms of health vulnerabilities. ORPEA is now present in Europe, Latin America and China. The Group operates in 23 countries.

1989

- The ORPEA Group is founded by Dr Jean-Claude Marian.
- First ORPEA Résidences nursing home opens in Saujon.

1999

A post-acute care and rehabilitation offering and mental health hospitals are developed under the CLINEA brand.

2004

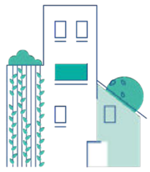
- ORPEA expands in Europe, focusing on countries facing the challenge of an ageing population and featuring a fragmented and insufficient supply of care for the elderly.
- ORPEA opens its first two facilities in Italy.

2017

The Group establishes its first locations in Latin America (Brazil, Chile, Uruguay).

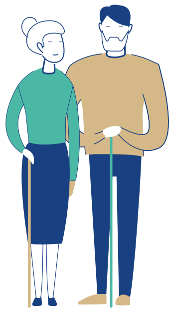
2019

The ORPEA Corporate Foundation is created in France.



2002

ORPEA is floated on Euronext Paris, in compartment A. This step enables ORPEA to accelerate its development.



2005

Institut de Formation d'Aides-Soignants (I.F.A.S.) Domea is created in France.

2020

- ORPEA signs the United Nations Global Compact.
- The SeneCura Academy Lakeside campus, a training centre for nurses and physiotherapists, opens in Austria.

2006

- European expansion continues.
- The Group opens its first facilities in Switzerland, Belgium and Spain.

2014

International expansion begins in German-speaking countries (Switzerland, Germany, Austria) as well as the Czech Republic, Poland, the Netherlands, the United Kingdom and Ireland.

2021

- The Improving Tomorrow strategy is rolled out based on the Group's top 17 CSR commitments.
- The Group becomes No. 1 in Ireland, No. 1 in Spain (in post-acute care and mental health) and No. 2 in Switzerland thanks to six further acquisitions in these countries.

Training at SeneCura Academy in Austria

A word from the Chief Executive Officer

Philippe Charrier
Chairman and Chief Executive Officer of the ORPEA Group

"The unprecedented commitment and professionalism of our staff on the ground reflect the quality of our support and care."

Philippe Charrier

Last year we welcomed more than 255,000 residents or patients in our 983 facilities around the world.

ORPEA achieved a solid performance in 2021 with growth of 9.6% (including 5.5% on an organic basis) as our businesses recovered, despite the challenge of dealing with the health crisis for a second consecutive year.

These figures, which we owe to the unprecedented commitment and professionalism of our staff on the ground, reflect the quality of our support and care. Residents, patients and their families have put their trust in us, and I would like to thank them most sincerely.

This trust is as precious as it is fragile, as we have seen during the unprecedented crisis that our Group experienced in France in the first half of 2022.

Several investigations, including those carried out by the Group, have uncovered wrongdoing at headquarters, as well as misconduct at the highest level of the organisation. I apologise again to the residents, families, staff and anyone who was legitimately affected by these actions.

Fully acknowledging our responsibility, we immediately decided to be transparent with all our stakeholders. We very quickly put in place an action plan combining emergency measures with more structural decisions in order to increase efficiency, eliminate inadequacies, sanction individual errors and bring cases before the competent courts. We also reached an agreement with our banks on a secured syndicated loan of €1.7 billion, the first step in overhauling the Group's refinancing strategy.

Additionally, we have drawn the consequences of the crisis in terms of governance, with the appointment of new directors to the Board planned for our Annual General Meeting in July and the appointment of Laurent Guillot as Chief Executive Officer, effective 1 July 2022.

Furthermore, in a spirit of openness, this spring I launched a General Meeting of the Elderly in each of our nursing homes in France and invited all of our stakeholders to take part. A forum for free expression, it is designed to give voice to criticism and solutions with regard to our social and societal responsibility. The summary findings, which will be delivered in the autumn, will feed ORPEA's reflection on its internal improvement and transformation plan.

These initial measures are the beginning of a larger project, which is currently being developed and will be implemented in particular through:

- a major transformation plan, to be deployed primarily in France, focusing on four main areas: the quality of care and well-being of residents, stepped-up dialogue with stakeholders, an ambitious human resources policy and renewed managerial practices;
- a renewed organisation, with an overhaul of processes (finance, human resources, purchasing, IT, internal control) and a rethink of the relationship between headquarters and facilities;
- a decrease in the percentage of real estate assets held and in the related debt, combined with continued investment in care and support.

We have decided to place this transformation under the leadership of Laurent Guillot, whose arrival will open up a new chapter in the Group's history, enabling it to take its rightful place in the evolving elderly and healthcare sector.

“It is by constantly revisiting the meaning of this mission and the sense of pride we derive from it that we will be able to move forward.”

Philippe Charrier

He will be able to leverage six solid fundamentals to achieve this.

The first is that, however brutal, the crisis concerns nursing homes in France, i.e., less than a quarter of our business, without any major impact on the Group's other business lines and operating regions. It does not call into question the underpinnings of our business, which remain solid and explain its remarkable resilience. Even in France's nursing home segment, the recovery is under way after a slight downturn in the first three months of the year, and growth is particularly strong for hospitals.

The second fundamental is the staff who make up our teams on the ground and who support patients and residents on a daily basis. Because they are the holders of our expertise and know-how, they are our Group's most important asset. Despite the organisation's trials and tribulations and the difficulties staff face on a daily basis, their commitment remains intact. We will support them by reaffirming the meaning of their work, recreating conditions that foster their sense of pride in belonging and improving their training and day-to-day work conditions.

The third is our facilities, their locations, their operational quality and the excellent reputation they enjoy in all operating regions. We will empower facility directors to respond even better to the expectations of patients and residents.

The fourth fundamental is our recognised expertise and know-how, which are built on more than 30 years of experience in a wide variety of medical specialities and the product of ORPEA's role in driving change in its operating segments, especially through innovative care for residents and patients.

The fifth is the complementarity of our businesses, with a comprehensive mid- and long-term care offering for physical and mental conditions, as well as a diversified geographical footprint across more than 20 countries, enabling us to disseminate best practices across borders.

The last fundamental is no less essential, as it relates to the very nature of our business. I strongly believe that the right balance can and must be found between well-being and human factors, on the one hand, and the effective management of the Group's facilities on the other. Generating profit and ensuring the well-being of patients, residents and staff are not mutually exclusive. First and foremost, we have a mission. Ours is one of the most noble and ambitious: adding life to years, not just years to life.

It is by constantly revisiting the meaning of this mission and the sense of pride we derive from it that we will be able to move forward.

Helping to rise to the major challenges facing our sector

Since its inception in 1989, the Group has ensured that its offering responds in an innovative and sustainable way to changing expectations and needs in the face of major societal and environmental trends.

Three megatrends are profoundly transforming society and impacting our mission: the demographic transition, the climate emergency and digital acceleration. This is happening in conjunction with a sharp deterioration in mental health worldwide and a loss of attractiveness among our professions.

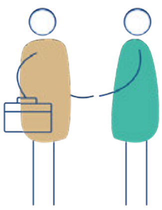
The **demographic transition** is affecting the whole world

By 2050, the number of people aged 80 and over is expected to triple compared with 2020, representing 4% of the world's population and 10% of the European population. The global population of people aged 60 and over will double by 2050 to reach 2.1 billion*.

With this trend, society is faced with a growing rate of neurodegenerative and systemic diseases that impair physical and psychosocial abilities, correlating with higher levels of dependency. Our mission is to anticipate and design strategies to meet these challenges.

In 2021, our Group:

- continued its **strategy of preventing loss of independence** with the creation or development of dedicated programmes;
- accelerated the **shift to home care**, which is widely desired among the elderly, by deploying solutions that promote home care;
- made its **facilities central to a care and service offering extended to local populations**, with outpatient programmes open to the outside world.



x3

Number of people aged 80 and over by 2050

* Source: WHO.

Adopting **new technologies** faster for everyone's benefit

Adopting new technologies faster means the Group can increase the number of value-added services designed to improve the well-being and standard of living of patients and residents as well as the working conditions of its employees.

In 2021, the Group:

- implemented its five-year **innovation roadmap** in which digital technologies, artificial intelligence and all new technologies play a key role;
- leveraged **digital solutions to keep families and loved ones connected** during the peak of the Covid-19 pandemic: Family Companion web portal in nursing homes, Clineapp in the Group's hospitals in France;
- widely implemented **telemedicine solutions** in the Group's host countries (France, Germany, Austria, Switzerland, China, etc.).

The healthcare sector is first in line to face the **climate emergency**

Controlling the impact of our activities on the climate and the natural environment is a priority for our healthcare activities.

In order to rise to this challenge, in 2021 our Group:

- undertook an overhaul of its environmental strategy named **Go Green**, and drew up an ambitious roadmap for its buildings called the **Green Building Strategy**;
- carried out its first **carbon assessment** on Scopes 1, 2 & 3 before committing to the Science Based Targets Initiative in 2022;
- joined the French **Business for Climate Convention**.

CONVENTION DES ENTREPRISES POUR LE CLIMAT

* Source: Insee, *L'usage des technologies de l'information et de la communication par les ménages entre 2009 et 2019*, Published on: 1 April 2020.

** See Chapter 4 of this document (section 4.5.1).

A sharp **deterioration in mental health** worldwide

The WHO estimates that 450 million people today suffer from mental illness and addiction to toxic substances. The Covid-19 pandemic has had a major impact on mental health worldwide with emerging cases of multiple addictions, concomitant illnesses and depression.

In 2021, our Group:

- maintained and strengthened its **support for vulnerable populations, particularly among the young** (for example, with care pathways in Austria and Germany for single parents experiencing difficulties with their children). In France, the **treatment of disorders exacerbated by the recent Covid-19 pandemic** has lent itself to the creation of specific pathways to address educational and professional difficulties, disrupted life patterns, eating disorders and behavioural addictions;
- maintained the **international hotline for psychological support** for caregivers created in 2021 with local contacts in the different countries;
- established **partnerships in France and in European countries with research centres, laboratories and learned societies** whose work focuses on major pathologies such as depression, bipolar disorder, autism and schizophrenia.

450

million people have a mental illness and substance addiction problem*

France
ORPEA Résidences, Cannes

The **attractiveness** of the care professions

Our business largely hinges on teams working in direct contact with residents and patients. Their jobs are considered difficult, yet are positively perceived among the general population. The pandemic over the last two years has helped to reinforce this positive image.

In 2021, the Group:

- stepped up its **partnership policy** at all levels, from the most local to the most international (with schools, non-profits, training institutes, NGOs, etc.);
- enhanced its **digital presence** to improve its visibility and provide recruitment teams with effective tools;
- launched an internal and global **team engagement survey** to identify strengths to build on and areas for improvement.

* Source: WHO.

Maintaining independence:
a priority issue throughout Europe.

In all the countries surveyed, independence appears to be the key challenge in "ageing well".

In order to inform its thinking and actions, the Group conducted a vast survey in October and November 2021 of a sample of the population in France, Spain, the United Kingdom, Italy and Austria, as well as of residents in nursing homes in France.

Answers to the question:
"For you, ageing well means..."**?**

In total,
5,959
people were interviewed*.

Remaining autonomous

50%

of Europeans cite "remaining independent" as their main criterion

Being integrated into society

60%

of Europeans consider that those aged 80 and over are well integrated in our society.

Enhancing the attractiveness of jobs in elder care and support

72%

of Europeans surveyed have a positive image of these professions and consider them to be useful and important for the future.

- Sample of 3,007 French people representative of the French population aged 18 and over.
- Sample of 2,508 Europeans (including 502 Spanish, 502 British, 501 German, 502 Italian and 501 Austrian).
- Sample of 444 nursing home residents in France.
- Representative sample of the population of each country aged 18 and over (gender, age, income category, regions).

* Source: Odoxa survey on ageing well.

Solutions for accommodating and caring for vulnerable people: **an essential mission in the public interest**

ORPEA plays a major role in addressing the many societal and environmental challenges. Our mission puts us at the heart of an ecosystem that serves people.

Over the years, the Group has broadened its offering to form a continuum of care that complements public health policies and is deeply embedded in the communities where it operates. The connections we have established with public hospitals, the quality of the public/private partnerships developed by our teams in the field and the links our medical and paramedical teams have with various academic and research environments make ORPEA a recognised player in the European healthcare landscape.

We are strengthening our solutions around three key priorities: **building specialised expertise** at our facilities and in our teams, developing **preventive and home care solutions** and strengthening **partnerships with public authorities** to broaden geographic coverage for the care offering, including outpatient care and day and night hospitalisation.

In terms of **specialised expertise**, our post-acute and rehabilitation hospitals have become vital relays for hospitals and medicine, surgery and obstetrics (MCO) units. The amount of time patients stay in these facilities is steadily decreasing as increasingly specialised care is provided. This trend is also reflected in the High Dependency units of the Group's nursing homes.

In order to meet changing expectations and needs in terms of **prevention and home care**, we are designing therapeutic education programmes, both in post-acute care and rehabilitation and in mental health. Their objective is to transfer skills to patients so they can independently manage their conditions and treatment, preserve their remaining abilities and maintain or improve their quality of life.

All of our developments are modular and flexible and fit into patients' course of treatment. They also meet the expectations of public authorities, who are calling for the development of day (and night) hospitals for temporary care or alternatives to full-time hospitalisation.

These efforts meet three objectives:

- providing a practical response to strong societal demand for maintaining patients in their usual living environment for better socio-professional reintegration;
- reducing inpatient stays;
- meeting the challenge of optimising the supply of care by integrating the full spectrum of services.

This integrated strategy is part of all our activities: hospitals, development of assisted living facilities and home care services.

Thanks to our international presence and complementary offerings, we are developing a cross-disciplinary approach that accelerates the "cross-fertilisation" of programmes, systems and innovations.

255,000
residents and patients in the Group's facilities in 2021

France
Clinea Post-acute Hospital, Les Monts Toulonnais

"Lifestyles continue to evolve based on the major expectation that independence will be maintained for as long as possible."

France
Clinea Post-acute and Rehabilitation Hospital, Thionville

More than
60,000
patients supported directly in their homes

We are developing our offering around the priority objectives of prevention, home care and highly modular solutions.

- In France, the Prévaction programme, the first health education and prevention programme centred on dependence in the elderly, has been stepped up in our geriatric and day hospital/ambulatory post-acute and rehabilitation facilities. Its aim is to intervene before patients lose their independent living skills so as to give them the tools they need to look after their health, preserve their remaining abilities and maintain or improve their quality of life.
- Preventing falls has been the focus of research and experimentation programmes in many countries. In France, a predictive tool assessing the risk of falls among elderly patients in institutions was developed in 2020 and 2021. In Spain, two projects were carried out by teams on the ground and presented at the ORPEA Excellence Awards 2021. Similarly, a project to reduce the number of falls was organised in Italy through a different approach including educational workshops.
- Allerzorg, the Group's Home Care business in the Netherlands, has distinguished itself by supporting cancer patients with a home geriatric network that allows oncology treatments to be administered directly to patients, in collaboration with hospitals.
- The Innovation teams have launched workshops on two European projects called Senior Strong and Proximea, which focus on holistic preventive care for people, either directly in their homes or through the development of local venues providing care and prevention workshops.
- We acquired the Swiss network Sensato, renamed Senevita Casa, which specialises in home care for people with chronic pain, age-related illnesses and disabilities. The Group's home care services currently cover more than 60,000 patients supported directly in their homes in France, the Netherlands, Switzerland, Germany, Italy and Ireland, representing more than 2,000,000 visits to the homes of these people each year.
- In France, we launched the new Nahoma brand of assisted living facilities, offering independent, autonomous and secure living for the elderly.

Business model

To face the demographic and health-related challenges of an ageing population and shifting trends in pathologies, ORPEA aims to provide a full range of suitable and diverse care solutions. They are tailored to meet the needs of every geography where the Group operates as well as uphold the essential values of care – well-being, ethics and safety.

By relying on the resources and stakeholders that make up the Group's business model, ORPEA endeavours to create value over the long term – for residents, patients and employees, as well as for society as a whole and for the environment.

The following diagram illustrates the ORPEA Group's business model.

In 2020, ORPEA defined its CSR objectives for 2023, the interim results for 2021 are presented in section 4.1.1.2.

A special focus on the Group's contribution to the United Nations Sustainable Development Goals is also presented in section 4.1.3.

RESOURCES AND STAKEHOLDERS

Human capital and stakeholders

- **71,676 employees** in **23 countries**
- **82% women** in the workforce
- **Organisational structure** by geographical area
- **Regular dialogue** with all stakeholders, including residents and patients, family and friends, employee representatives, employees, supervisory authorities, local communities, financial partners, etc.
- **A collaborative network** of partners (suppliers, medical and paramedical partners, local authorities, start-ups, etc.) allowing for a highly agile response at any level

Intangible capital: expertise

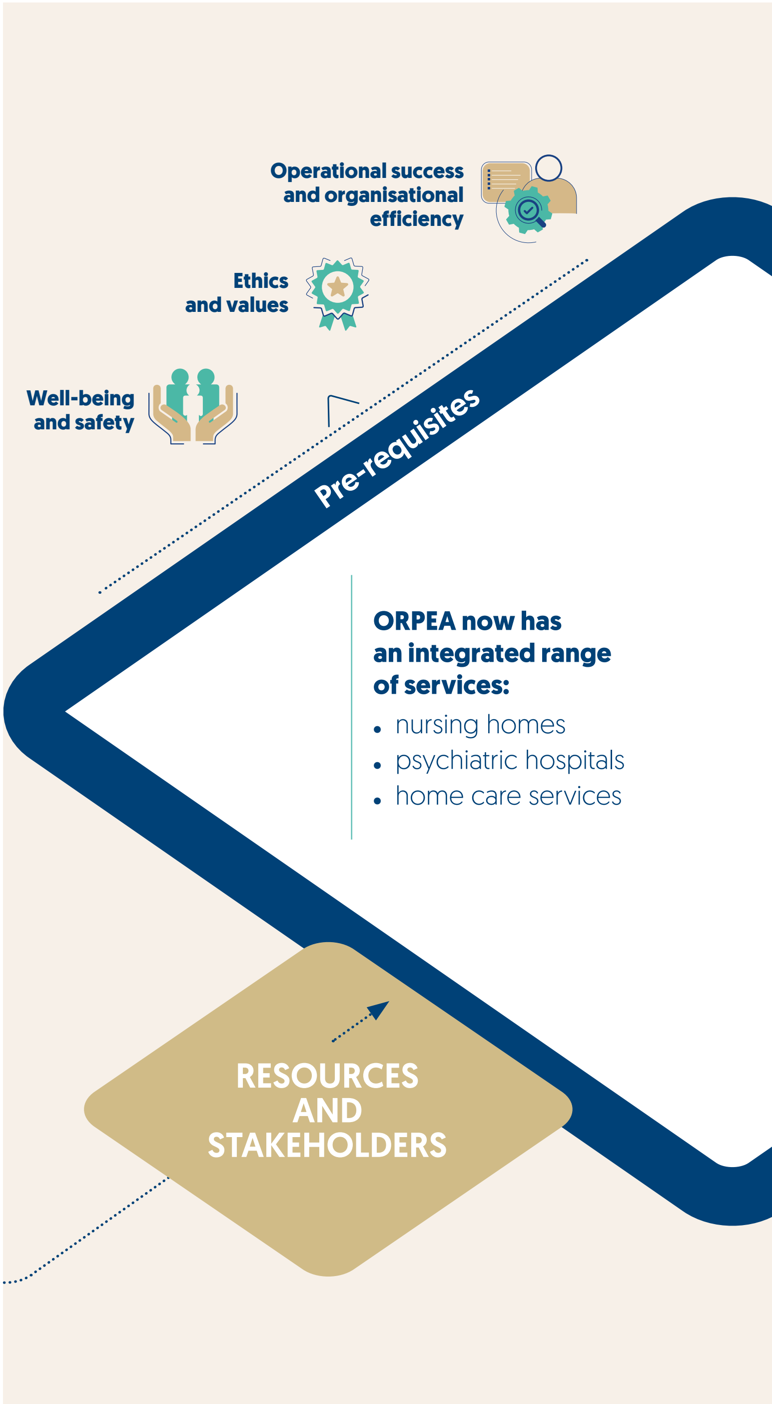
- **More than 30 years of experience** in providing for all kinds of dependencies, whether temporary or permanent
- **Quality procedures**: at least 200 criteria monitored on an ongoing basis
- **Crisis management protocols** (Covid-19, flu, heat waves, etc.)
- **Major capacity for innovation** through a Group-level Innovative Project Management Committee

Physical capital: real estate and equipment

- **€8.1 billion** in real estate assets
- **983 facilities** open and in operation
- **Advanced cutting-edge technology**, especially in psychiatric hospitals and post-acute and rehabilitation hospitals
- **Buildings and equipment** designed for specialised care in mental illness, rehabilitation, neurodegenerative diseases (protected unit) and for High Dependency patients
- **Eco-designed buildings** as part of the Group's ***Green Building Strategy* (GBS)**

Financial capital

- **2/3 of earnings reinvested** in maintenance, refurbishment and development
- Long-term **shareholders**
- **Robust** balance sheet



ORPEA'S core business

Looking after people with impaired independent living skills due to physical or mental health conditions, by providing them with the essential care they require for their well-being while respecting their individuality

VALUE CREATION

Well-being and safety of residents and patients (see section 4.3)

- Support for **255,000 patients and residents** per year at various stages of dependency, whether temporary or permanent
- Resident satisfaction survey: **90% satisfaction rate** and **93% recommendation rate** (see section 4.3.4.2)

Employee development and inclusion (see section 4.4)

- **14 training hours** per employee per year
- **68% of senior management jobs held by women**
- Over **8,000 employees on apprenticeships and work/study programmes**
- Diverse age profile: **10% of employees are under 25** and **20% are over 55**

Controlling the environmental footprint (see section 4.5)

- **Carbon footprint** measured at Group level on **Scopes 1, 2 & 3**
- Structuring a **carbon emissions reduction** strategy
- **Waste management** and fighting **food waste**
- Responsible **procurement policy** (see section 4.6)

Community engagement in support of the regions

- **Recruitment and local job creation** **nearly 16,000 new hires** in 2021 across 23 countries
- Cooperation with all **local public- and private-sector healthcare players and integration in care and treatment pathways**
- Participation in **scientific research: 15 scientific articles published in renowned journals** (see section 4.7.3.1)
- **Deep presence in local communities:** local community outreach programmes (advice to caregivers, collaboration with local non-profits and local health professionals)

Responsible and sustainable partnerships

- Responsible procurement policy
- Open Innovation policy: **115 projects in progress** at 31 December 2021

Financial and non-financial performance

- Revenue: **up 37% in five years**
- 17 commitments made as part of the Group's CSR policy through the Improving Tomorrow strategy

CSR at the heart of the Group's businesses

Our mission is to support vulnerable people in need of care on a daily basis. This mission is at the very heart of our business model and our actions. Social responsibility provides the basis for our strategy and values and has guided our organisation.
Our role becomes more important every day as vulnerabilities increase around the world.

Switzerland
Senevita Residence, Müllibach

9 tangible markers **for our plural CSR approach**

Supporting dependent people in their daily lives

We have designed our roadmap based on the needs of our stakeholders. A human-centred, interconnected and thriving ecosystem that anchors our strategy and actions.
The priority issues for each of these areas have been defined in collaboration with all of the Group's subsidiaries and activities, so that every ORPEA stakeholder is represented in light of their business and development realities.

IMPROVING TOMORROW BY ORPEA

By naming its CSR strategy "Improving Tomorrow", the Group aims to go further in its structuring and adoption. This genuine company project aims to bring people together to build a more sustainable world that is in line with the planet's limits, that is constantly changing and that encourages improvement every day. In order to bring this strategy to life on a daily basis in all facilities, Improving Tomorrow is structured around five programmes which represent all the actions and stages necessary to achieve the quantified objectives that the Group has set itself in its CSR roadmap for 2023.

Our roadmap

In response to its main challenges and in order to pursue its CSR ambitions, the Group has already begun to reflect on its future roadmaps, in particular by adding commitments relating to catering or the reduction of carbon emissions aligned with the Paris Climate Agreement. These roadmaps will be rounded out in light of the Group's materiality analysis and the development of the improvement and transformation plan in 2022.

IMPROVING TOMORROW BY ORPEA

› Well-being

BE WELL
IMPROVING TOMORROW BY ORPEA

2023

- Increase in the employee **engagement rate**
- **15% reduction** in **work-related accidents**
- 100% of **facilities certified** by an external ISO 9001 assessor (or equivalent)
- 100% of facilities have a trained **ethics/positive treatment correspondent**
- 100% of facilities have implemented the **Catering Charter** and have achieved the objectives related to **nutrition, food safety** and **the environmental footprint**

2025

- 100% of facilities have achieved all of the commitments set out in the Group's **Catering Charter**

› Career development

BOOST!
IMPROVING TOMORROW BY ORPEA

2023

- 50% of regional directors, facility directors and head nurses **promoted internally**
- 10% more **employees** have obtained a recognised **diploma** or certificate

› Inclusion and diversity

ALL IN
IMPROVING TOMORROW BY ORPEA

- 50% **women** in ORPEA's **top management**
- 100% of host countries have implemented **tools to improve dialogue** with **loved ones**

› Environmental impact

GO GREEN
IMPROVING TOMORROW BY ORPEA

- 100% of new **construction** projects with LEED[1] or BREEAM[2] certification
- 5% reduction in **energy consumption**
- 100% of **significant suppliers**[3] have signed the **Responsible Procurement Charter**
- 100% of **supplier calls for tender** include a **CSR assessment**

2025

- 16% reduction in **energy consumption**
- 17% reduction in **Scope 1 & 2 carbon emissions**

2030

- 29% reduction in **energy consumption**
- 31% reduction in **Scope 1 & 2 carbon emissions**

› Building a better world

ACT BEYOND
IMPROVING TOMORROW BY ORPEA

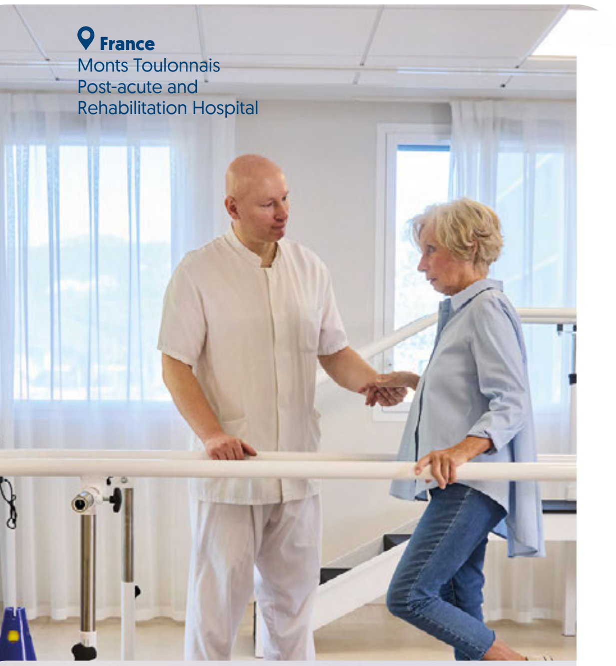
2023

- All facilities have conducted at least one community **outreach initiative**
- Roll-out of **three innovative programmes** at Group level, aimed at enhancing the **well-being** of **residents and patients**
- 100% of host countries have signed a **research partnership** with a renowned **university**
- Roll-out of the **Code of Conduct – Ethics and CSR as well as training for all employees**

(1) LEED: Leadership in Energy and Environmental Design, a North American standardisation system for buildings with high environmental quality.
(2) BREEAM: Building Research Establishment Environmental Assessment Method, a British certification standard for analysing a building's environmental impact.
(3) Global, multinational, national and regional suppliers.

The Group's achievements in 2021

2021 was the second consecutive year shaped by the heightened commitment of the teams in our facilities to preserve everyone's health while the Covid-19 pandemic continued to disrupt operations. Nevertheless, the Group continued its development, fuelled by the many initiatives carried out by the teams of all our facilities around the world.



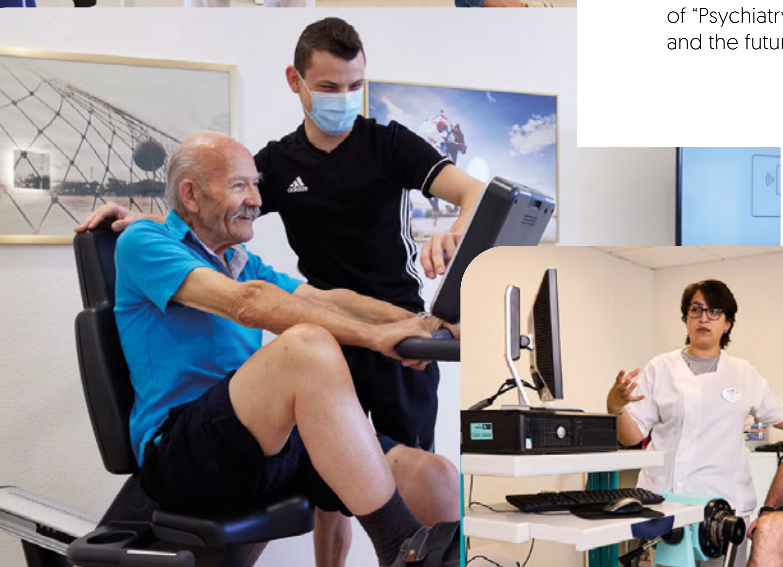
France
Monts Toulonnais
Post-acute and
Rehabilitation Hospital

Our medical expertise

Sharing medical expertise among our subsidiaries lifts the quality of the care and treatment offered:

In 2021, the Group:

- conducted **74 health education programmes** (therapeutic education) for patients, residents and caregivers, both in mental health and in post-acute care and rehabilitation;
- organised the **first International Psychiatry Seminar** to bring together the community of doctors from the Group's mental health hospitals. This first edition brought together seven countries, 75 institutions and 14 speakers on the topic of "Psychiatry of the future and the future of psychiatry";
- rolled out **Post Covid** or **Long Covid units** in post-acute and rehabilitation hospitals (Germany, Austria, France);
- created the **International Research department**, which has shaped its roadmap around the following three focuses:
  - prevention,
  - caring for the people the Group supports,
  - caring for employees;
- supported **29 research projects** in its various subsidiaries and promoted **79 papers** in national and international conferences.



Switzerland
Senevita Nursing
Home, Müllibach

France
Clinea Post-acute and Rehabilitation
Hospital, Les Monts Toulonnais

74
health education
programmes

The International Scientific and Ethics Council (ISEC) organises the annual **ORPEA Excellence Awards** to recognise the Group's teams that have proposed a project in the categories of "Research", "Clinical Ethics" and "Care Innovation".

A dynamic of participatory innovation was demonstrated in 2021 by the submission of 44 projects led by teams from 12 countries. This increasing figure testifies to the commitment of the employees in an environment still overshadowed by the health crisis.

The winners of the 7th annual awards were:

"Research" category:

- ORPEA in Germany – "Virtual reality applications to reduce social isolation and loneliness".

"Clinical Ethics" category:

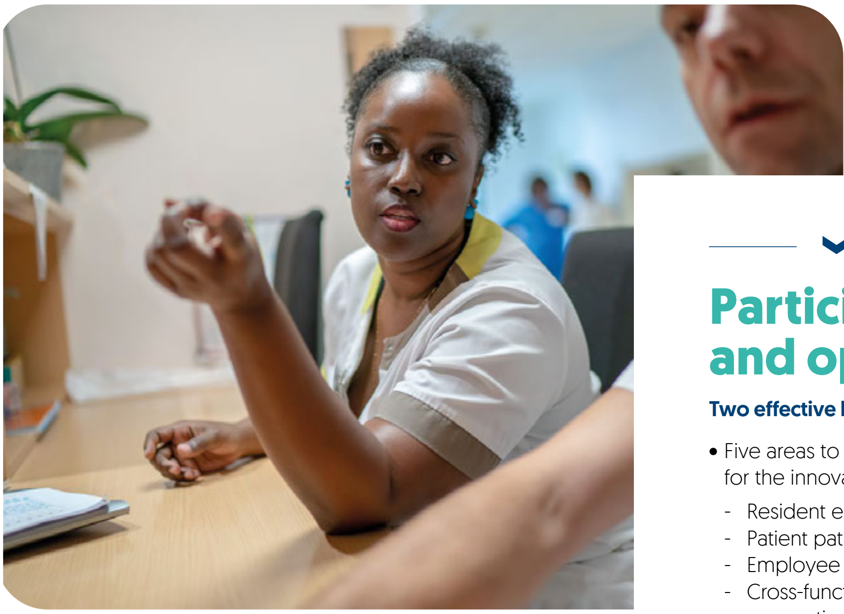
- ORPEA in China on behalf of Xianlin, International Care Centre, Nanjing: the facility's team remained fully committed to the residents by deciding to confine themselves to their places of employment for over 35 days.

"Care Innovation" category:
(2 ex-aequo)

- ORPEA in Poland for "Resident to Resident – let me help you around" (ORPEA Residence Antonina, Piaseczno).
- ORPEA in Spain for the intervention with visually impaired elderly people by means of adaptations in care homes (ORPEA Residence Malaga).

N.B.: The International Scientific and Ethics Council (ISEC) was established in 2015. It is composed of an independent faculty and of health professionals. Its mission is to analyse ethical cases referred to it by institutions and examine several different lines of thought.

France
Clinea Post-acute Hospital, Port-Royal



115

active projects as at 31 December 2021, the result of the collaborative process led at Group level

5

work areas defined for the innovation roadmap

Participatory innovation and open innovation

Two effective levers for the benefit of residents, patients and employees.

- Five areas to work on defined for the innovation roadmap:
  - Resident experience
  - Patient pathway
  - Employee experience
  - Cross-functionality and connections between professions
  - Building efficiency
- 115 projects in progress as at 31 December 2021, resulting from the Group-wide participatory approach.

The Group also promotes **open innovation**, which involves the entire ecosystem, as closely as possible to the needs and expectations of users. This process is taken to the highest level through the **CSR and Innovation Committee** of the Board of Directors, which makes strategic decisions.

In 2021, the Innovation department used the **design thinking** method, involving over 60 employees from ten different countries to co-construct its roadmap and projects.

It has also deployed a new platform, E-Novea, on which innovations from the field are reported.

68%

of senior positions are held by women (up 2 percentage points since 2020)

France
Clinea Post-acute Hospital, Port-Royal

Ethics

The Group strives to create and maintain an environment conducive to dissemination of and respect for ethical principles and internal control. In 2021, the Group:

- released the results of its COVISEO* study. Conducted in 2020 across 32 facilities in seven European countries, this vast survey sought to confirm the main ethical issues raised by the Covid-19 crisis experienced from March to May 2020 and to come up with practical solutions for our residences.

  These results were shared at two ISEC sessions, as well as with all the doctors responsible for coordinating nursing homes and at the official Geriatrics Congress in Montpellier in December 2021;
- is conducting a new mapping exercise on corruption and influence peddling risks through workshops and interviews with some 100 people in 19 countries;
- finalised the in-depth rewriting of its Code of Conduct – Ethics and CSR.

* Survey conducted in each institution with relevant health care staff, including nurses, care workers, doctors, psychologists, physiotherapists and administrative staff.

Human resources

Our human resources policy is based on several key concepts. Among these, listening to our teams, training them and developing their skills were the subject of major developments in 2021.

- Launch of the first major Group-wide employee engagement survey, involving over 71,000 employees. This survey, which will be repeated every two years, highlights our organisation's main strengths: motivation at work, a strong spirit of collaboration and career opportunities.

An overall employee engagement rate of 65%*

- Supporting all women in developing their skills and career paths is a priority focus given the very high percentage of women in the overall workforce (82%). This is why we launched the "Be successful as a woman" programme last autumn. Amid the launch of this programme, ORPEA signed the United Nations Women Empowerment Principles (WEPs) charter the same year.
- In Austria, the teams launched the SeneCura campus, a large project bringing together:
  - a school for nurses and care workers, the EMG Akademie. Currently, 580 internal and external staff are undergoing in-person and online training to graduate in these two professions;
  - a career guidance and support unit;
  - the future Grafenwörth campus (opening in 2024) dedicated to nursing, physiotherapy and applied health sciences.

71,676
employees

15,673
hired on permanent contracts **(up 14.6% vs. 2020)**

41%
of managers (regional directors, facility directors and head nurses) are promoted from within

1,017,836
hours of training provided, equal to **14 hours of training per employee**

* Survey conducted by an external independent body among all of the Group's employees in the different geographical areas. Response rate of 52%.

France
Clinea Post-acute Hospital, Port-Royal

Switzerland
Senevita Residence Müllibach

Environment

2021 will have been defined by faster implementation of our environmental roadmap.

- We have expanded our carbon footprint to include all of our facilities worldwide and all three scopes with the aim of co-constructing and rolling out country-specific reduction action plans based on the Science Based Targets Initiative (SBTi) in 2022.
- We joined the SDG Ambition programme of Global Compact France to accelerate the integration of the Sustainable Development Goals (SDGs) into our management.
- In France, we joined the *Convention des entreprises pour le climat* (CEC), whose ambition is to align the business world with the Paris Agreement.

Germany
Nursing Home, Berlin

100%

of facilities are inspected internally every six months **and nearly 200 criteria are inspected on an ongoing basis.**

Austria
Optimamed Bad Saint Leonhard Centre

Germany
Nursing Home, Berlin

Quality

Being of service to people is our business, which means being committed and engaged. This is why we place the management and control of our operations at the heart of our systems.

- More than 110 people in the various countries work on rolling out quality policies in all facilities.
- Every year, our facilities receive very significant financial investments in order to renovate, restructure, enlarge or embellish them. This work has a direct impact on quality of life, well-being, and the improvement of working and care conditions.
- The Responsible Food Charter now includes "biodiversity" criteria in the purchasing policy and sets quantitative targets such as, for example, "50% of food from local or national sources".

Our residents:

90%

general satisfaction rate and 93% recommendation rate from residents and their families for nursing home activities*.

Our patients:

89%

overall satisfaction rate for hospital activities and an overall recommendation rate of 94%.**

* In nursing homes, these surveys are conducted annually by an independent external company. 61,000 families were contacted (by e-mail or post) in 2021. The return rate was 50%, i.e., over 30,600 questionnaires.

** In hospitals, these surveys are carried out during the stay or upon the discharge of each patient. Response rate of 63% to a total of 81,062 questionnaires sent out.

"1,000 Smiles" Award

For the second year in a row, we invited teams from all our facilities worldwide to compete for the "1,000 Smiles" Award.

This award, launched in 2020, aims to reward the extra dedication of the teams during the periods marked by the pandemic and lockdowns, to unite and give smiles, optimism and energy to patients, residents and staff.
51 applications from 14 different countries were submitted for the second annual competition.

"International Cooking Award"

1st ever international cooking awards held in 2021

Bringing together the seven winners of the national competitions held in France (two winners), Belgium, Italy, Germany (two winners) and Spain, this event is part of a long-standing partnership with DUCASSE Conseil. Dominique Lory, a three-starred chef, was the president of the jury for this one-day competition.

6

MAJOR ACQUISITIONS IN 2021

in Switzerland
in Spain
in Ireland

Austria
OptimaMed Wildbad

1.

Presentation of the ORPEA Group and its markets

The ORPEA Group offers integrated long-term care services at home or in residential facilities for individuals with physical or mental health vulnerabilities. It meets the needs of residents and patients for better and easier access to care, as well as satisfying the requirements of local supervisory authorities. ORPEA currently offers a comprehensive range of services and additional care covering the full spectrum of patient ages and loss of independent living skills in:

- nursing homes;
- post-acute and rehabilitation hospitals, including both inpatient and outpatient services;
- psychiatric hospitals, for people with mental illness, including both inpatient and outpatient care (day and night hospitals);
- home care and services;
- senior assisted-living facilities.

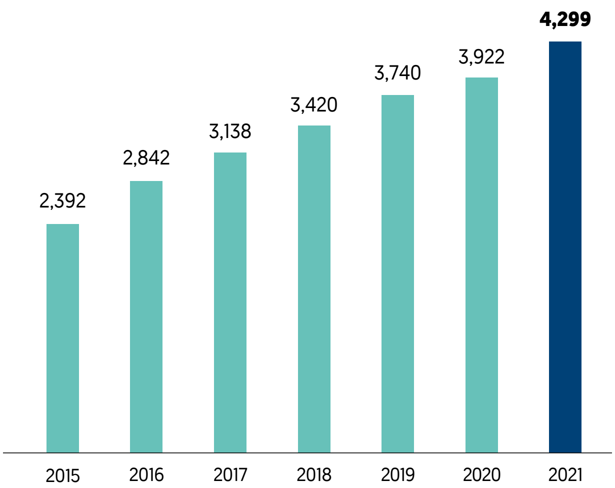
At a time of accelerated population ageing worldwide, ORPEA has become a global leader in long-term care since its creation in 1989, with nearly 90,000 beds in operation at 31 December 2021, across 983 facilities in more than 20 countries.

1.1 ORPEA's key figures

1.1.1 REVENUE

■ Change in Group revenue – 2015-2021

(in millions of euros)

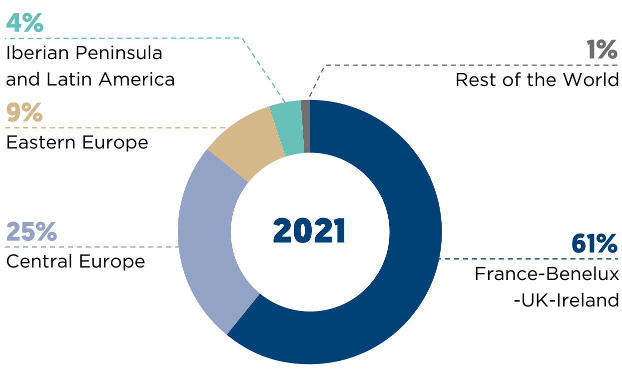


(in millions of euros)	2021	2020	2021/2020 change *(as a %)*	2019
France-Benelux-UK-Ireland	2,643.2	2,363.9	+11.8%	2,218.4
Central Europe	1,086.0	1,010.6	+7.5%	961.6
Eastern Europe	395.2	365.6	+8.1%	358.7
Iberian Peninsula and Latin America	171.1	179.1	-4.5%	198.3
Rest of the World	3.1	3.2	-5.3%	3.1
TOTAL	**4,298.6**	**3,922.4**	**+9.6%**	**3,740.2**

Composition of geographical areas:

- France-Benelux-UK-Ireland: France, Belgium, the Netherlands, Luxembourg, the United Kingdom and Ireland;
- Central Europe: Germany, Italy and Switzerland;
- Eastern Europe: Austria, Poland, the Czech Republic, Croatia, Slovenia and Latvia;
- Iberian Peninsula and Latin America: Spain, Portugal, Brazil, Uruguay and Mexico;
- Rest of the World: China.

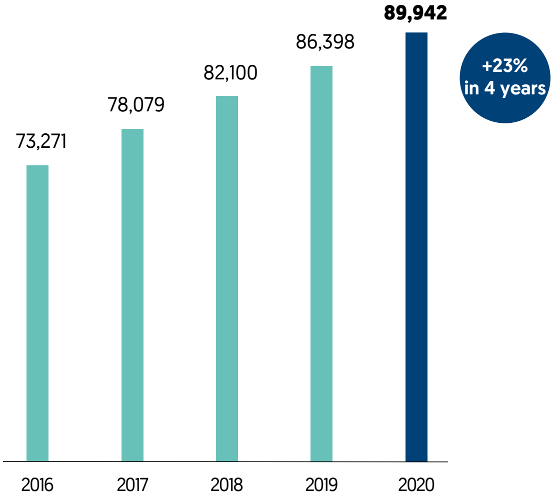
■ Geographical breakdown of 2021 revenue



1.1.2 NETWORK EXPANSION

Network's growth momentum

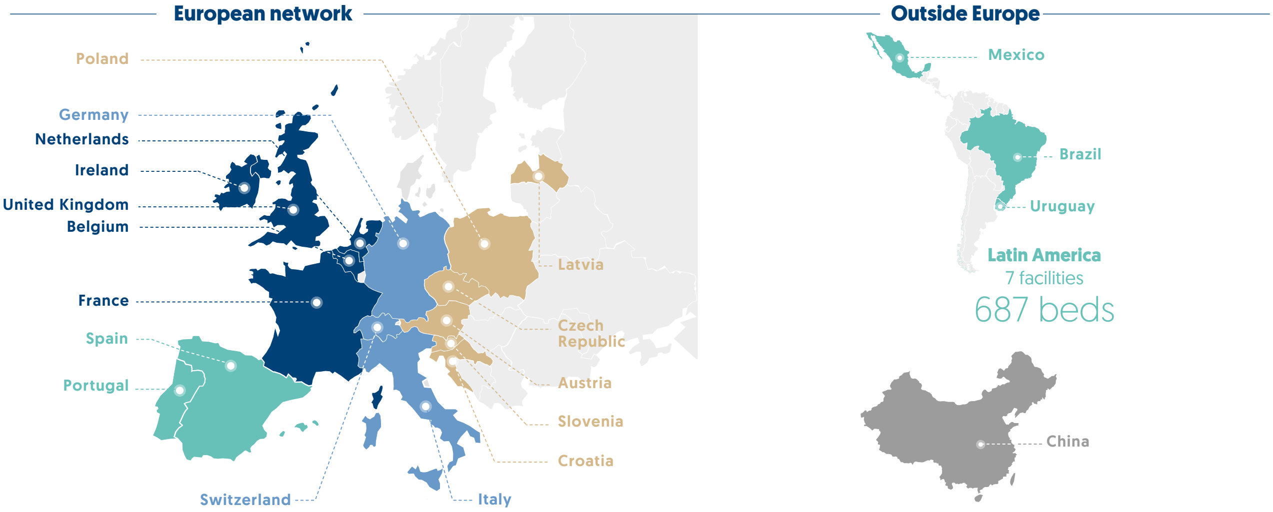
TOTAL NETWORK
(number of beds in operation)



INTERNATIONAL NETWORK
(number of beds as a % of the total network)

63%
of beds located outside France
(up 6 pts since 2017)

Global network of 89,942 beds in operation at 983 facilities at 31 December 2021



France-Benelux-UK-Ireland	Central Europe	Eastern Europe	Iberian Peninsula and Latin America	Rest of the World (China)
560 facilities	235 facilities	118 facilities	69 facilities	1 facility
45,275 beds	23,668 beds	11,819 beds	9,026 beds	154 beds

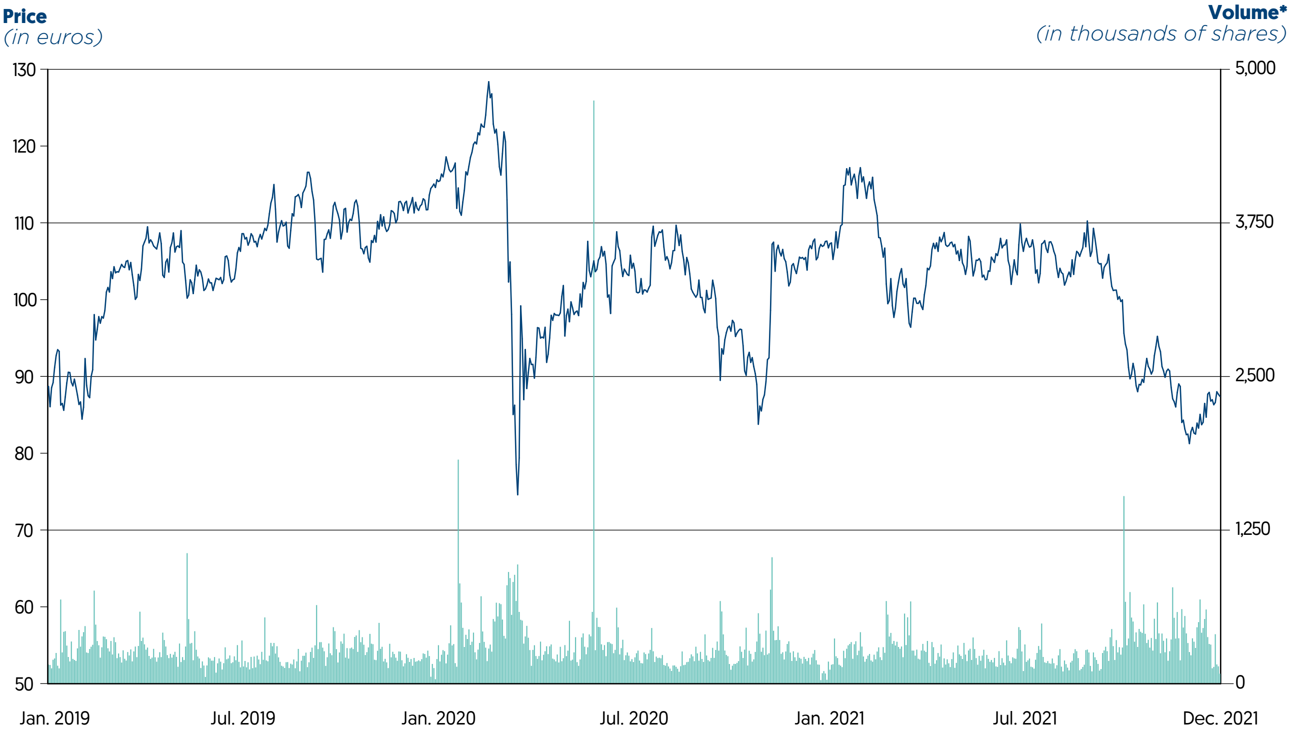
BEDS IN OPERATION BY GEOGRAPHICAL AREA OVER THE PAST TWO YEARS

	Number of open sites in operation			Number of beds in operation[1]		
	31 Dec. 2021	**31 Dec. 2020**	**Change**	**31 Dec. 2021**	**31 Dec. 2020**	**Change**
France-Benelux-UK-Ireland	**560**	**526**	**+34**	**45,275**	**43,076**	**+2,199**
France	356	357	-1	33,284	32,856	+428
Belgium	67	66	+1	7,223	7,038	+185
Netherlands	112	87	+25	2,553	1,926	+627
Ireland	24	15	+9	2,142	1,256	+886
United Kingdom	1	1	-	73	73	-
Central Europe	**235**	**216**	**+19**	**23,668**	**21,963**	**+1,705**
Germany	169	163	+6	17,584	16,844	+740
Switzerland	42	33	+9	3,629	3,055	+574
Italy	24	20	+4	2,455	2,064	+391
Eastern Europe	**118**	**113**	**+5**	**11,819**	**10,928**	**+891**
Austria	82	82	-	7,244	6,975	+269
Poland	11	10	+1	1,248	1,112	+136
Czech Republic	16	15	+1	2,074	1,944	+130
Slovenia	4	4	-	547	547	-
Latvia	1	1	-	202	202	-
Croatia	4	1	+3	504	148	+356
Iberian Peninsula and Latin America	**69**	**64**	**+5**	**9,026**	**8,421**	**+605**
Spain	52	48	+4	7,517	7,032	+485
Portugal	10	9	+1	822	702	+120
Brazil	5	5	-	467	467	-
Uruguay	1	1	-	95	95	-
Mexico	1	1	-	125	125	-
Rest of the World (China)	**1**	**1**	**-**	**154**	**150**	**+4**
TOTAL	**983**	**920**	**+63**	**89,942**	**84,538**	**+5,404**

(1) Number of beds installed, which may differ from the number of beds authorised under operating licences for the relevant countries and/or activities.

1.1.3 SHARE DATA

Share price performance and volumes over three years



* *Volumes including Euronext and the alternative platforms (Chi-X, Turquoise and Bats).*

INDICES

- Compartment A of Euronext Paris;
- included in the CAC Mid 60, SBF 120, STOXX Europe 600 and MSCI Small Cap Europe indices;
- eligible for the deferred settlement service (DSS).

HISTORICAL ANNUAL PERFORMANCE DATA

	2021	2020	2019
Closing price at 31 Dec.	€88.10	€107.55	€114.30
12-month closing high	€117.55	€128.50	€117.60
12-month closing low	€81.22	€72.70	€83.56
Number of shares at 31 Dec.	64,631,325	64,631,325	64,615,837
Market capitalisation at 31 Dec.	€5,694 million	€6,951 million	€7,386 million
Year-on-year share price performance	-18.1%	-5.9%	+28%
Average daily trading volume* *(in number of shares)*	281,047	322,679	251,839
Average daily trading volume*	€23 million	€28 million	€23.4 million
12-month turnover	93%	106%	88%

* *Volumes including Euronext and the alternative platforms (Chi-X, Turquoise and Bats).*

1.2 Presentation of the ORPEA Group

1.2.1 HISTORY OF THE ORPEA GROUP'S DEVELOPMENT

- 1989: The ORPEA Group is founded by Dr Jean-Claude Marian.
- 1989-1995: ORPEA opens 46 facilities in France representing 4,600 nursing home beds.
- 1995: The Group consolidates and gives structure to its organisation, setting up administrative headquarters in the Paris region.
- 1999: A medium-stay care offering is developed and CLINEA is created: setup and acquisition of new post-acute and rehabilitation hospitals and psychiatric hospitals.
- 2002: IPO: ORPEA is floated on the Second Marché of Euronext Paris on 16 April 2002.
- 2004: ORPEA expands across Europe, opening its first two facilities in Italy.
- 2006: The Group continues its international expansion, acquiring facilities in Switzerland (psychiatric hospital in Nyon on Lake Geneva), in Belgium (geriatric complex in central Brussels), and in Spain (Grupo Care, with more than 1,500 beds across 15 facilities).
- 2008-2009: ORPEA gives structure to its organisation in Europe, setting up functional headquarters in Belgium, Spain and Italy, and rolling out its quality policy across all its facilities in Europe.
- 2010: ORPEA completes the strategic acquisition of the Mediter group, which owns a majority stake in the Mieux Vivre group, and acquires a 49% stake in the Medibelge group, which operates more than 4,800 beds across 57 facilities.
- 2011: ORPEA carries out a €203 million capital increase to strengthen its finances and accelerate its expansion in France and internationally.
- 2012: ORPEA continues its international expansion, acquiring Artevida in Spain (more than 1,150 beds and places) and taking full ownership of Medibelge in Belgium. First private bond issue for an amount of €193 million.
- 2013: A strategic long-term shareholder comes on board: CPPIB, Canada's largest pension fund, acquires 15.9% of the capital.
- 2014: ORPEA's international expansion drive accelerates further, especially in German-speaking countries, with two strategic acquisitions: Senevita in Switzerland (more than 2,200 beds across 21 nursing homes) and Silver Care in Germany (more than 5,900 beds across 61 nursing homes). These acquisitions double the size of the Group's international network.
- 2015: ORPEA makes further international strides, with acquisitions in Austria and the Czech Republic via the SeneCura group, adding more than 4,200 beds, and in Germany with the Celenus Kliniken group, which operates 15 hospitals (more than 2,600 beds), plus two regional groups ideally complementing Silver Care's existing network: Residenz Gruppe Bremen (more than 3,000 beds) and Vitalis (more than 2,400 beds).
- 2016: ORPEA's international expansion reaches a new milestone, with the acquisition of MEDI-System, Poland's leading long-term care operator with 704 beds, and also of Sanyres (3,300 beds) in Spain. The Group also expands its range of care solutions in Switzerland by purchasing Spitex Ville et Campagne, the country's leading private provider of home care. The first facility opens in China, in the city of Nanjing.
- 2017: The Group sets up a presence in Latin America, in Brazil, with over 2,100 beds under construction. ORPEA also continues to scale up its European network in Portugal (1,100 beds under construction), in Austria through the acquisition of Dr. Dr. Wagner (more than 1,800 beds), in the Czech Republic with the acquisition of Anavita (more than 930 beds across six nursing homes) and in most of its other host countries, through the creation of new facilities and targeted acquisitions.
- 2018: ORPEA structures the organisation into geographical areas and boosts its international operations by expanding into the Netherlands and acquiring Dagelijks Leven (800 beds across 40 nursing homes) and Woonzorgnet (more than 160 beds across seven long-term psychiatric hospitals). The Group continues its selective expansion drive and acquires Inoges, Germany's leading provider of outpatient post-acute and rehabilitation care.
- 2019: ORPEA strengthens its position in the Netherlands with the acquisition of Allerzorg (home care) and September (175 beds across seven nursing homes). Acquisition of the Axion group in Germany (more than 900 beds across seven nursing homes), positioned in the premium segment.
- 2020: Acquisitions of Sinoue and Clinipsy positioned in France in the Mental Health segment, acquisitions of the TLC group and 50% of Brindley Healthcare in Ireland positioned in the nursing home segment.
- 2021: Definition of a CSR roadmap for 2023 and continued international development with several acquisitions, notably in Ireland (remaining 50% of Brindley Healthcare, Firstcare and Belmont House) and Switzerland (Sensato AG).

1.2.2 THE ORPEA GROUP'S CORE ACTIVITIES: A RANGE OF SERVICES COVERING THE FULL SPECTRUM OF LONG-TERM CARE REQUIREMENTS

The ORPEA Group is built on the strength of its expertise in providing all forms of long-term care to the physically, intellectually, permanently and/or temporarily impaired, irrespective of how advanced their conditions are. Its solutions cater for loss of independent living skills due to ageing and rehabilitation after a health event or as a result of a chronic illness.

ORPEA has developed a comprehensive offering of care solutions and services through four complementary activities:

Home care and services

For independent seniors

Nursing homes

Long stays
Short stays
Residential care
Alzheimer units

Rehabilitation and mental health hospitals

Post-acute specialities: musculoskeletal system, geriatric care, addiction, cardiology, nervous system, respiratory system, oncology

Mental health specialities: addiction, mood disorders, sleep disorders, ADD and borderline personality disorder, for children, adolescents and adults

Assisted-living facilities

Flats for independent seniors

- Core activities
- Additional activities

1.2.2.1 NURSING HOMES FOR DEPENDENT ELDERLY PEOPLE

Diversified accommodation solutions

Long stays, short stays and day care

- Units specially designed to provide care for people with Alzheimer's disease and related disorders.
- Temporary stays for elderly people requiring long-term care and still living at home.
- Units for high dependency.

All in all, a nursing home offers every resident the following services:

- personalised support with their daily living requirements and an individual care programme meeting their needs and desires, forming the basis for all their accommodation and care;
- logistic and residential services such as accommodation, catering, laundry and room cleaning services, as well as various therapeutic workshops and daily individual and group activities.

Special care for patients with neurodegenerative conditions such as Alzheimer's

ORPEA's facilities are equipped to look after the needs of residents with Alzheimer's and related conditions because they have living areas including units specially designed to provide appropriate care. Certain facilities are entirely dedicated to looking after patients with these illnesses.

The ORPEA Group gives the care requirements of this type of patient a great deal of consideration. ORPEA's Medical department has defined architectural principles for these units based on its knowledge of the issues associated with Alzheimer's disease and the following guidelines:

- **patients'** dignity and individual needs are respected, they can move around freely between living areas and their bedroom, with permanent passive monitoring, appropriate therapeutic activities, and in certain facilities, position-tracking technology enabling residents to walk around in complete safety;
- **families** enjoy the peace of mind that comes with seeing their loved ones in a pleasant and secure environment, cared for by staff specially trained to look after them and aware of the risks, and can enjoy family time in a dedicated room;
- **staff** work in a carefully designed and safe environment where they can monitor all the residents while arranging activities in shared living areas. The goal is to avoid exacerbating behavioural disorders and to gain a better understanding of them by adopting care practices honed through continuous on-the-job training.

A range of furniture has also been specially designed for these accommodation units based on an understanding of the illness and the risks it poses.

These protected units aim to maintain social relationships throughout a resident's stay and reduce all the environmental factors that may exacerbate their condition, to protect their safety and their well-being.

1.2.2.2 POST-ACUTE AND MENTAL HEALTH HOSPITALS

Post-acute care: areas of specialisation

The ORPEA Group's post-acute hospitals, which are located in France, Ireland, Switzerland, Italy, Germany, Poland, Portugal, Brazil and Austria, care for patients requiring functional rehabilitation or balanced treatment administered by medical or paramedical teams, and technical units specially designed to cater for each area of specialisation.

The aim is to maximise the patient's chances of recovery and of regaining as much independence as possible, so they can prepare to return to their social and working life (the fundamental role of a rehabilitation hospital in Germany, for example) and move back home.

Geriatric rehabilitation

- Oncogeriatrics
- Geriatric care after a stroke
- Treatment of neurodegenerative diseases
- Prevention of the risk of loss of autonomy
- Undernutrition
- Health education for caregivers
- Preparation for scheduled surgery and post-surgical recovery

Neurological rehabilitation

- Stroke
- Multiple sclerosis
- Parkinson's disease
- Neuropathic pain
- Health education

Rehabilitation for chronic and metabolic diseases

- Diabetes
- Heart disease
- Respiratory failure
- Arterial disease leading to disabilities
- Chronic ulcers
- Obesity
- Health education

Addictions

- Prevention of frailty
- Malnutrition
- Therapeutic education
- Co-morbidity

Orthopaedic rehabilitation

- Post-trauma care
- Post-operative care for osteoarthritis
- Post-amputation care
- Back diseases
- Health education

Cardiological & respiratory rehabilitation

- Long stays
- Ventilated patients

Cancer follow-up care

- Nutrition
- Pain
- Stomal therapy
- Palliative care
- Minimal consciousness and comatose states

Mental health care offering

The Group's mental health facilities in France, Switzerland, England, Germany, the Netherlands, Austria, Spain and Italy accommodate patients with mental health conditions.

PSYCHIATRIC SPECIALITIES

- **Mood disorders:** depression, bipolar disorder
- **Anxiety disorders:** obsessive compulsive behaviour, panic attacks, anxiety, social phobia
- **Addictions**
- **Eating disorders**
- **Sleep disorders**
- **Post-traumatic stress disorder (PTSD)**
- **Burn-out**

SPECIALISED UNITS

- **For children, teenagers and young adults** aged 5 to 25 (Austria, Spain and France)
- **Special mother-child psychiatric rehabilitation units** (Austria and Germany)
- **Geriatric psychiatry units**
- **Long-term mental health disorders** requiring 24-hour protection and support (France, Netherlands, Italy)
- **Perinatal psychiatry**

1.2.2.3 HOME CARE SERVICES

To meet the expectations and needs of people with temporary or permanent loss of independent living skills owing to health conditions or disabilities, the Group offers complementary home care services in France, Ireland, Austria, Switzerland, Germany, the Netherlands and Brazil, and in-home hospitalisation services in Switzerland.

These services may be useful after a hospital stay or for the elderly, whether or not with loss of independent living skills, and they provide personalised support tailored to their home.

ORPEA offers a range of services for the elderly keen to carry on living at home:

REDUCED MOBILITY

- Care needs due to an accident in life
- Temporary disability
- Loss of independence
- Post-hospitalisation

Long-term mental health disorders

- Help with getting up
- Help with washing and dressing
- Preparing and helping with meals
- Help with taking medication

1.2.2.4 SENIOR ASSISTED-LIVING FACILITIES

In Belgium, Switzerland, Germany and France, the Group has also developed senior assisted-living facilities providing accommodation suitable for independent or semi-able-bodied elderly people who want to continue leading independent lives. These facilities do not provide medical care, but staff are on hand around the clock and can arrange all the services requested by residents, such as hairdressing, events and entertainment, meals, etc. The senior assisted-living facilities have common areas encouraging conviviality and an active social life.

Senior assisted-living facilities for those able to live independently

- Apartments for independent seniors.
- Additional services (housekeeping, activities and events, concierge), logistic assistance seven days a week and a rich social life with regular activities, while maintaining independence.

1.3 Key pillars of ORPEA's business model

1.3.1 STRONG CORE VALUES

Since its inception in 1989, the ORPEA Group has built its development on a strong culture and shared values. These values, which have been adopted and communicated to the teams through the Code of Conduct – Ethics and Corporate Social Responsibility, are the foundations that define ORPEA, linking all its employees and empowering them on the path to responsible and sustainable development, placing people at the heart of its identity and vocation.

› Professionalism

For all of the Group's teams, professionalism means combining solid professional skills with a strong sense of responsibility and a consistent focus on the quality of services provided.
This is done both individually, through the diligence and commitment demonstrated by each individual in their work, and collectively, through the implementation of effective procedures, our quality policies and our training policies.

› Loyalty

We believe that loyalty is essential to maintaining trustworthy, healthy and sustainable relationships with all stakeholders involved in the long-term success of the Group.
This loyalty translates into honest, exemplary behaviour, discussions in good faith, and respect for our commitments to all stakeholders, from whom we expect the same.

› Compassion

The well-being of all patients and residents in the Group's facilities, and of all the people cared for at home by our teams, is our absolute priority. It involves providing quality care and accommodation, but also forging a trust-based relationship with vulnerable people and their families, whose care we are committed to. This relationship is founded on a daily commitment to positive treatment that is respectful, empathetic and always compassionate.

› Humility

"*Humans are imperfect, and dependent beings, who unceasingly aspire after something better and greater.*"
This quote from the philosopher René Descartes echoes our own approach to our activities: since people are at the heart of the Group's work, it is essential to accept imperfections and with this knowledge, commit to a process of continuous improvement and respond swiftly and creatively to the challenges we face on a daily basis.

1.3.2 QUALITY AT THE HEART OF DEVELOPMENT

1.3.2.1 QUALITY POLICY

The ORPEA Group's quality-led approach has always been a fundamental part of the Group's business strategy, which is why it has implemented a proactive and exacting quality policy in all its facilities.

The ORPEA Group's quality policy is predicated on:

- standards common to all countries defined at Group level and adapted by the country-level teams to effectively meet the needs involved in different types of care and give meaning to the work of each team;
- institutional and care projects based on best practice recommendations;
- satisfaction surveys conducted diligently in all facilities, to make sure that the quality of support and services delivered by the Group's facilities is aligned with its commitments, most importantly from the viewpoint of residents and patients. If not, actions are taken to correct the discrepancies;
- internal assessments carried out by the Operational departments and the quality and medical teams, which provide an opportunity to check that procedures and best practices are assimilated and applied by all facilities. They also ensure that remedial actions taken are followed up effectively over the long term;
- external assessments rolled out in all countries based on the most exacting standards, which represent a source of transparency for all stakeholders, first among which are residents, patients and their families;
- competitions and awards, organised by the Group or by an external body, which contribute to making quality a unifying managerial tool for the well-being of residents and patients (annual Quality Award);
- improvement programmes and feedback from the teams, as relevant as possible to the lives of the patients and residents to ensure their safety and well-being;
- team training, which provides the opportunity to review professional best practices, update and reinforce team knowledge, and also share daily and career experiences.

1.3.2.2 STRUCTURE OF THE QUALITY PROGRAMME

In order to safeguard the quality policy and ensure that it is implemented on a daily basis, a Quality department has been set up in every country where ORPEA operates (a quality manager has been appointed in locations that are not yet mature). The quality teams work in close collaboration with the Operations departments and the various departments (Medical, Catering, Maintenance, etc.) that support the facilities.

The Quality department's tasks are to:

- provide methodological support to facilities for the implementation and monitoring of their quality and operational risk management programme;
- support facilities with their external assessment processes (certification, external assessment);
- develop tools for:
  - training and assessment to enhance teams' knowledge,
  - planning and follow-up on procedures,
  - monitoring, such as scorecards, indicators and quality metrics;
- hold the internal Quality Awards;
- organise the annual satisfaction survey among residents, patients and people receiving care at home;
- conduct audits, as a team training exercise, or to check on the quality of services delivered to residents and patients;
- keep track of regulatory changes and manage documentary resources as part of the quality, risk management and regulatory monitoring programme in relation to facilities' various activities.

In this way, the Quality department provides facilities with support on programme implementation, a solution for monitoring and controlling the measures taken, and methodological assistance with devising tools to help manage the programme consistently across the entire Group.

Quality indicators are monitored at facility level every month and sent to the Quality and Operations departments, helping to track the quality programme's continuous improvement process so that any potential risks can be detected and prevented.

The monitoring and tracking of Group facilities by the Quality department and Medical department help to provide a secure environment for residents, patients and employees and to control all aspects of accommodation, comfort, care and safety.

1.3.3 AN INTERNATIONAL, EXPANSION-DRIVEN ORGANISATION

1.3.3.1 AN ORGANISATION LEVERAGING CORPORATE OFFICES TO SUPPORT THE FACILITIES

To enable the facility directors to focus most of their energy on delivering care to residents and patients and managing their teams, support functions are centralised at headquarters.

Accordingly, the Group's organisation is underpinned by two main principles:

- centralisation of all support functions in national or supranational headquarters (accounting, purchasing, pay, legal, IT, communication, etc.);
- an operational organisation suited to the level of responsiveness required of our business lines, in addition to the Group's quality and care requirements;
- in order to facilitate collaboration and harmonise processes, the Group uses shared information systems that it strives to streamline and develop in order to meet operational needs with ever increasing effectiveness.

1.3.3.2 AN ORGANISATION GEARED FOR INTERNATIONAL EXPANSION

In order to establish an organisation suited to the Group's increasingly international profile, ORPEA began a major overhaul of its organisational structure in 2017.

ORPEA is structured around geographical areas, with Business Units running one or more countries.

Each of these units has its own internal management team and an administrative headquarters encompassing the full range of support functions (finance, legal, development, construction, quality, human resources, internal control, IT, etc.). The heads of each support function are in charge of deploying ORPEA standards throughout all Business Units within their scope.

The Business Units have a dedicated operational team and a quality manager with in-depth knowledge of the applicable local regulations and robust experience of the relevant economic, demographic and cultural issues. Support functions are limited according to needs, specific requirements (e.g., regulatory, linguistic, etc.) and the size of the country, and placed under the operational authority of the supranational organisation to foster convergence/consistency of practices, thereby securing business activities and facilitating oversight. The aim of this tri-tier structure is to strike the right balance between:

- the proper level of decentralisation on the one hand to ensure agility, managerial proximity with employees on the ground, and adherence to national (regulatory, cultural, economic, etc.) requirements, thereby effectively meeting the expectations of all stakeholders;
- and centralisation on the other hand to continue to benefit from the Group's scale to leverage synergies and secure the Group's business activities by sharing best practices and by implementing a common control framework.

To manage the risks associated with this broader decentralisation, the Group's Audit, Risk and Compliance department is guiding all teams (Executive Management, Corporate Services and local teams) in identifying and managing risks.

1.3.4 A DIVERSIFIED REAL ESTATE STRATEGY AT THE HEART OF DEVELOPMENT

The ORPEA Group's real estate design teams, in close collaboration with the Medical and Operations departments, aim to design quality buildings that enable care professionals to carry out their work in a suitable and safe environment.

1.3.4.1 QUALITY BUILDINGS IN ATTRACTIVE LOCATIONS

ORPEA selects locations based on where they are geographically situated. Most of the Group's facilities are located in attractive surroundings with the aim of fostering close ties with families and referring doctors, as this is essential for a high standard of care.

The Group also pays particular attention to the interior and exterior architectural quality of its buildings. Many of the buildings were designed and developed by the Group. This means it can provide living and working environments that best meet the needs of its stakeholders and the latest quality standards.

The Group implements innovative designs and services in its buildings, including new technologies, all tailored to the usage needs and profiles of the residents. In this way, architectural design serves to enhance the satisfaction and well-being of residents and patients, as well as employees, by fostering the "Spirit of the Place" (embedding the design in its environment by taking into account local history and culture).

Furthermore, through its choices in building design and renovation, the Group contributes to the ecological transition. It complies with high environmental standards including ambitious trajectories for reducing its carbon footprint and energy consumption. As part of its CSR strategy, ORPEA aims to earn environmental certifications (i.e., Building Research Establishment Environmental Assessment Method (BREEAM) and Leadership in Energy and Environmental Design (LEED) certification) for all of its new constructions initiated in 2021.

1.3.4.2 STRATEGY OF REAL ESTATE OWNERSHIP

For many years, ORPEA's real estate strategy has been to retain ownership of a large proportion of its properties to:

- maintain control over its operating properties so that it can provide the highest quality of service while maintaining the flexibility to carry out any work or extensions needed;
- operate premium locations over the long term;
- secure ORPEA's medium- and long-term profitability.

At the end of 2021, the ownership rate stood at 46%, and ORPEA had €8.1 billion in real estate assets (including assets under construction) adjusted for the €347 million in assets held for sale. This represents an increase of €1.1 billion over 12 months.

All operating real estate assets are carried at fair value. Assets under construction are measured at the cost of construction and the land is measured at cost.

The robustness of the occupancy rates characterising the healthcare real estate assets attracts international financial investors, offering ORPEA the opportunity to optimise its sales of real estate assets.

Irrespective of the buyer, ORPEA's strategy is to secure attractive leasing and rent indexing terms and conditions on asset disposals in order to tightly control its rental costs over the long term.

1.4 A sector with high barriers to entry buoyed by growing demand

Faced with the challenges posed by the ageing of the global population and changing lifestyles (urbanisation, sedentary living), private operators of nursing homes and hospitals play a crucial role, complementing public action. In the majority of countries where ORPEA operates, the sector is governed by a strict regulatory framework that constitutes a real barrier to new market entrants.

1.4.1 DEMAND UNDERPINNED BY AN AGEING POPULATION AND THE INCREASE IN NEURODEGENERATIVE ILLNESSES

Medical advances and higher living standards have pushed up life expectancy in most of the world.

Between 2002 and 2020, life expectancy at birth continued to rise by 3.3 years on average in the European Union, representing an increase of around three months every year. According to the latest European Union surveys (Eurostat, May 2021), EU residents who reach the age of 65 now have a life expectancy of 83.2 (men) or 86.5 (women), which represents an increase of nearly one year since 2010: the population of over 80s is set to more than double by 2050, from 24 million in 2015 to 53.5 million by 2050. In Germany, as an example, the number of people aged 80 and over is expected to increase by almost 75% to more than 10 million by 2050 (source: World Bank).

At the same time, with the evolution of pathologies, characterised by the increase in the number of people affected by neurodegenerative diseases or chronic illnesses, the need for temporary or permanent accommodation solutions is unavoidable. In France, for example, the Jeandel-Guérin report (2021) highlighted a significant increase in the degree of dependence of people in EHPAD nursing homes.

As stated in the table below, all the countries in which ORPEA has established a presence are experiencing identical trends.

Country	Number of inhabitants *(in millions)*	80 and over 2020	80 and over 2030	80 and over 2050	2020/2030 change (as a %)	2020/2050 change (as a %)
Germany	83	5,875,744	6,177,870	10,257,759	5%	75%
Austria	9	488,195	621,409	1,079,102	27%	121%
Belgium	11	658,111	786,282	1,283,743	19%	95%
Spain	47	2,923,841	3,550,308	6,046,924	21%	107%
France	67	4,027,268	5,169,973	7,733,967	28%	92%
Ireland	5	158,232	255,316	470,857	61%	198%
Italy	60	4,528,549	5,310,211	8,090,264	17%	79%
Luxembourg	1	24,868	31,466	68,757	27%	176%
Netherlands	17	836,874	1,248,929	1,983,279	49%	137%
Poland	38	1,742,835	2,264,555	3,388,859	30%	94%
Portugal	10	682,402	837,575	1,196,860	23%	75%
Czech Republic	11	445,116	699,637	900,003	57%	102%
Slovenia	2	114,278	140,122	230,188	23%	101%
Switzerland	8	459,215	649,243	1,140,139	41%	148%
Brazil	211	4,159,027	6,537,774	15,375,697	57%	270%
Mexico	128	2,038,019	2,841,810	7,028,851	39%	245%
Uruguay	3	154,738	175,121	257,598	13%	66%

Source: World Bank database.

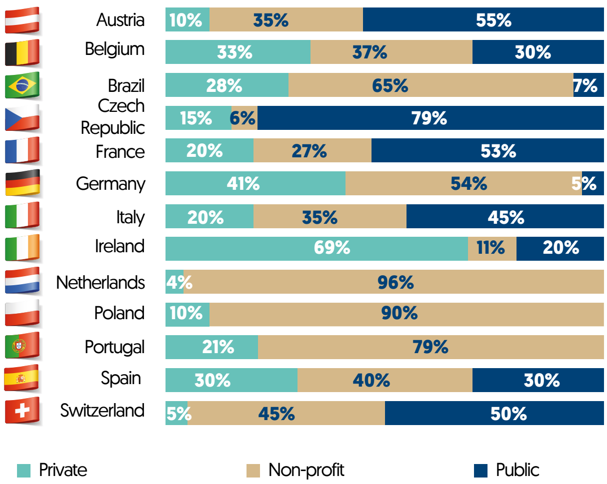
At the same time, according to World Health Organisation estimates, the number of people afflicted with neurodegenerative diseases is expected to increase from 47.5 million to 135 million by 2050. In the many countries facing this issue, a customised and specialised care offering is needed but is currently lacking in most countries where ORPEA is present.

1.4.2 OVERVIEW OF THE SECTOR

The long-term care sector has similar characteristics in all the European countries in which the Group operates:

- it is dominated by public-sector and non-profit operators, which account for between 40% and 90% of existing beds;
- the private commercial sector remains fragmented, comprising numerous independent operators with ageing premises, which means consolidation will need to occur over the next few years;
- there are a number of pan-European groups, such as Korian, ORPEA, Domus Vi, Colisée Patrimoine and Attendo (presence confined to Scandinavia).

Breakdown of beds by country and type of operator at the date of this document



ORPEA's market share remains below 5% in each country, and so it has ample scope for further expansion in coming years. The private commercial sector is still heavily fragmented across the board, and so a round of consolidation is likely, causing the share of independent operators to decline over the next few years.

In France, for example, the top five operators (Korian, ORPEA, Domus Vi, LNA Santé and Colisée Patrimoine) account for 55% of the private sector, which has 132,000 beds.

In Belgium, the four major national players (Senior Living Group and Senior Assist held by Korian, ORPEA, Armonea held by Colisée Patrimoine) account for only 35% of the private commercial sector.

In Germany, the ten groups with over 4,000 beds have a combined share of just 21% of the private commercial sector. As a result, around 275,000 beds, or over 30% of the sector's total capacity, are owned by small regional groups or independent operators.

In Spain, the top ten private-sector groups account for just 10% of the total number of nursing home beds.

In Switzerland, Poland and the Czech Republic, independents and small family groups with a few hundred beds still account for the vast majority of the private sector's capacity.

In the Netherlands, the private sector remains very small at just 4%, the top eight representing around 50% of the private sector.

1.4.3 GROWING NEED FOR MEDICAL SERVICES AND FACILITY SPECIALISATION, FOR BOTH NURSING HOMES AND HOSPITALS

1.4.3.1 GREATER MEDICAL NEEDS IN NURSING HOMES

Nursing home residents are increasingly vulnerable and dependent, an underlying trend evident across most European countries. For example, according to a December 2014 DREES study, the average age of residents entering an institution was 89, up from 82 in 1994. For this reason, the average stay is 18 to 24 months, compared with around 3 to 3.5 years 25 years ago, but these stays, whether temporary (in order to help caregivers) or permanent, require the capacity to accompany residents who are more dependent due to sensory, cognitive or psychological disabilities.

Nursing homes consequently require more extensive medical services, an on-site multidisciplinary nursing team, specialised units caring for residents with neurogenerative diseases such as Alzheimer's and also higher levels of safety and security.

1.4.3.2 INCREASED SPECIALISATION OF POST-ACUTE AND MENTAL HEALTH HOSPITALS

The reduced length of stays in medical, surgical and obstetrical facilities associated with the shift to outpatient care, means that post-acute hospitals are of paramount importance within health systems. Indeed, post-acute and rehabilitation hospitals offer complex rehabilitation treatments, provided by multidisciplinary medical, paramedical and social services teams, after patients undergo major operations. Post-acute facilities are becoming increasingly specialised (for example, in the musculoskeletal system, nervous system, respiratory system, cardiology or oncology) according to the pathologies treated.

At the same time, in many countries where ORPEA operates, changes in lifestyles are leading to increasingly prevalent psychological disorders, including both more well-known disorders (depression, bipolar disorder, schizophrenia, addictions, etc.) as well as more recently identified pathologies (sleep disorders, burnout, etc.). Faced with the increase in these pathologies, private operators are providing a specialised care offering as a complement to public action.

1.4.4 A REGULATED AND CONTROLLED SECTOR OF ACTIVITY

Owing to the nature of its business activities, which involves running facilities for the elderly requiring long-term care, post-acute and rehabilitation hospitals and mental health facilities, the ORPEA Group operates in a closely supervised and highly regulated environment.

Over the past 30 years, the ORPEA Group has developed a keen understanding of this complex regulatory environment and acquired the expertise and put in place the requisite procedures to operate in it successfully, working closely with supervisory authorities on an ongoing basis. The Group regards this environment as an opportunity and as a strength since it favours experienced operators such as ORPEA and represents a major barrier to entry preventing newcomers from moving into its markets.

In France, Spain, Belgium, Italy, Switzerland, Austria and Poland, an administrative permit from regional or national supervisory authorities is required before any new healthcare facility or nursing home can be set up, converted or extended. The number of new permits issued in these countries is tightly controlled and restricted by the public authorities in an effort to ensure a decent standard of care and services and to keep spending under control.

The process of gaining a permit and the regulatory framework vary from country to country, or even from region to region within certain countries. As a result, it is crucial to have well-respected and experienced local teams on the ground with the requisite knowledge.

ORPEA has also expanded into other countries, including Germany, where no administrative permit is required in the strict sense of the term. Instead, the supervision of activities by the public authorities gives rise more indirectly to the definition of standards and checks by the authorities to ensure they are upheld.

In addition to administrative permits, strict operational, technical, construction, safety and environmental standards apply in the sector. Minimum nursing and non-nursing staff to residents and patients ratios must also be maintained. Compliance with all these standards is closely monitored in all European countries by various national or local supervisory authorities.

1.4.5 A CONTROLLED PRICING SYSTEM

Long-term care facilities' pricing is controlled across all European countries in a bid to keep public healthcare spending in check. Per diem rates have two main components:

- a component that broadly consists of care and medical expenses, which is usually funded by the public authorities, national or regional health insurance system, national long-term care insurance, etc.;
- a component that broadly consists of the cost of accommodation, meals, events and entertainment or additional residential services, which are usually paid for by the resident or patient themselves, or covered by private insurance systems.

Owing to its complexity, this pricing system, which varies from country to country and even from one region to another, represents another barrier to entry for newcomers.

France

The pricing system for nursing home facilities has three components:

- the accommodation charge, payable in full by the resident (or the departmental authorities, if the facility has government-approved "social assistance" beds). Increases in accommodation charges are subject to government control. Every year, the French Ministry of the Economy and Finance sets the percentage of the annual increase payable by residents from 1 January. That said, the accommodation charge may be freely agreed for any new residents;
- the charge for long-term care requirements is funded by the personal autonomy allowance (*allocation personnalisée d'autonomie* – APA), which covers part of the cost based on the elderly person's care requirements and means;
- the personal care charge, which is a per diem rate funded by the French national health insurance system, paid in monthly instalments to the facility in the form of a lump sum.

The charges for post-acute and rehabilitation and psychiatric hospitals are set by the French national health insurance system, which pays a per diem rate for each patient cared for that covers the cost of all medical care, personal care, medicines and accommodation based on a two-bed room. Changes to this flat-rate charge covering all the related costs are regulated and controlled. In addition to the per diem rate paid by the French national health system, facilities may levy additional charges for residential services such as private rooms, television, telephone, Wifi, or other services. These additional charges are paid directly by patients, who may apply for reimbursement of all or part of the cost from their mutual health insurer. These charges may be changed freely.

Belgium

Nursing home charges have two components:

- the accommodation charge, payable in full by the resident. Accommodation charges are set by prior application to *SPF Économie*, a federal public service. Following the ministerial decree of 12 August 2005, nursing home facilities cannot apply for a rate increase without first submitting a request, including evidence-based arguments for the requested increase. As such, changes in charges are regulated and controlled;
- the medical care allowance, which is funded by the national health and disability insurance system (INAMI) based on the number of residents and their care requirements.

Italy

The pricing system is regional, with each region having complete autonomy. For example, the Marches region calculates the extent of each resident's care requirements and awards the facility a care services allowance. In other regions, the local health authority (ASL – *Azienda Sanitaria Locale*) gives the future resident a voucher granting access to an accredited facility depending on the availability of beds under the scheme.

Spain

Accommodation and care charges may be freely negotiated in Spain and are payable in full by residents.

In certain cases, nursing homes and the regional supervisory authorities enter into agreements primarily to reserve a certain number of beds for people with long-term care needs who have applied for assistance or full or partial coverage of the care. Under these agreements, charges are set in advance, and any changes have to be approved.

Switzerland

The medical care allowance covers around 30% of the per diem rate, which is based on the care requirement, and is covered by the national health insurance system or by private insurance. The remaining balance, which covers accommodation, services and care requirements, is paid for by the resident or their family, or in part by the canton if the resident cannot afford the full amount. This part of the fee may be changed freely.

Germany

Nursing home charges have three main components:

- a real estate component, known as the investment cost, which covers the rent or the property investment needed to build and maintain the building. Part of this component is paid for by the local authorities in respect of social assistance recipients or by residents;
- the charge for meals and residential services, which is paid for by residents or their family;
- the medical care and personal care charge, the vast majority of which is paid for by the national health insurance system. This system of financing is secured, since it has a surplus of around €5 billion after the funding system for long-term care was reformed several years ago in Germany. The allowance is based on the resident's care requirements and varies from region to region. Increases in charges are agreed annually with the local supervisory authorities.

The charges for post-acute and rehabilitation hospitals and for psychiatric hospitals are based on per diem rates. They are agreed with the various health insurance and/or pension funds and they vary within a single facility based on a resident's conditions and insurance. Likewise, special charges apply for private-sector patients. Broadly speaking, the per diem charges covered by pension funds are higher than those paid for by the national health insurance system owing to the importance of getting people back to work.

Austria

Nursing home charges have three components:

- accommodation costs, paid for by the residents;
- costs of care;
- any supplements paid by private residents.

Similarly to Germany, long-term care insurance covers a portion of the care costs based on a single national sliding scale linked to the resident's care requirements. In addition, if a resident does not have sufficient income, the payment may be covered by welfare benefits. Where this applies, the full per diem rate is charged to the state (*Länder*) authorities, which then recover the outstanding amount from the resident.

Every year, the state authorities set the amount by which charges may increase, usually indexed to consumer price inflation. Larger increases may be agreed, but this requires detailed justification.

Czech Republic

Nursing home charges have four main components:

- a basic charge covering the accommodation payable by residents and their families;
- the personal care charge, which is paid for by the authorities;
- medical care costs, which are covered individually by the national health insurance system;
- additional services providing higher standards of quality, which are paid for by residents or their families.

Poland

There are two types of beds in Poland:

- authorised beds operated under a licence granted by the NFZ (national health fund);
- authorised beds run by private commercial operators.

The cost of private so-called "commercial" beds is paid for in full by residents' families, while the cost of NFZ beds is partially covered by the public sector. The NFZ agreement provides for full or partial reimbursement of medical care costs.

Accommodation costs are borne by the patients or their families. The average per diem rate is thus covered by a combination of reimbursements from the NFZ, the local authorities and the private contribution by families.

Netherlands

In the Netherlands, 65% of the per diem rate is paid for by the government (the daily medical care costs are covered by health insurance), with the remaining 35% covering the accommodation payable by the residents.

For new residents, the outstanding amount can be set freely.

Luxembourg

In Luxembourg, 52% of the per diem rate is paid for by the government long-term care insurance (covering care and assistance costs), with the remaining 48% covering the accommodation and services payable by the resident.

There are no pricing controls concerning the accommodation.

Ireland

In Ireland under the general Fair Deal system, 73% of the per diem rate is paid for by the Health Service Executive. The balance is paid for both by the patient and a voluntary dependency insurance system.

France, Clinea
Isle le Moulin
Mental Health Hospital

2.

2021 management report

2.1 2021 overview

The Covid-19 vaccination campaign launched at the beginning of the year led to an increase in admissions to nursing homes and a sustained level of activity in clinics. Despite this, in the face of emerging new variants of the virus (Delta in the summer of 2021, then Omicron in the autumn), governments were obliged to reintroduce precautionary measures, and this affected business, particularly at the end of the year.

At the same time, ORPEA's development continued apace, with facility openings and expansions representing more than 2,250 additional beds, as well as external growth transactions involving the acquisition of groups, notably in Ireland and Switzerland.

In 2021, the Company also incorporated non-financial targets into its operations. Accordingly, the Board of Directors created a CSR and Innovation Committee in January 2021 and defined a CSR roadmap through to 2023, featuring 17 objectives (see Chapter 4 of this Universal Registration Document for more details).

In order to meet needs in terms of care staff, ORPEA continued to invest in training through the acquisition of Austria's EMG Akademie in February 2021.

2.1.1 MANAGING THE COVID-19 PANDEMIC: VACCINATION CAMPAIGN ROLL-OUT AND CONTINUED CLOSE MONITORING OF VARIANTS

At the end of December 2020, following the approval of the main vaccines by health authorities, ORPEA launched the vaccination campaign for its patients, residents and employees in all geographical areas. This led to a clear improvement in the health situation, with a sharp and rapid decline in positive cases among patients, residents and employees from February onwards. In the second half of the year, with the arrival of the Delta variant, ORPEA implemented government recommendations in September 2021 calling for a booster jab, and maintained strict rules to protect the health security that had been achieved in the first half of 2021.

Thanks to these efforts, the health situation in nursing homes was broadly able to be brought under control, allowing occupancy rates to rise again from March 2021. Occupancy rates saw strong momentum in the spring of 2021 which continued into the summer with temporary stays. Rates continued to increase at a more moderate pace between September and December 2021.

At the same time, activity in clinics (for post-acute care and rehabilitation as well as psychiatric care) increased compared to 2020, despite the impact of the Omicron variant in the last two months of the year.

2.1.2 CONTINUED DEVELOPMENT THROUGH ACQUISITIONS AND NEW FACILITY OPENINGS

ORPEA completed several acquisitions in 2021, mainly in France, Ireland and Switzerland.

ACQUISITION OF A CONTROLLING INTEREST IN THE FRANCE SENIORS GROUP

In January 2021, ORPEA acquired from a group of individual investors a 52.59% stake in France Seniors, a company specialising directly and indirectly in the operation of senior assisted-living facilities. Following this transaction, ORPEA holds 100% of the company's share capital and voting rights.

ORPEA IS THE MARKET LEADER IN IRELAND FOLLOWING THREE ACQUISITIONS IN THE IRISH NURSING HOME SECTOR: THE REMAINING 50% OF BRINDLEY HEALTHCARE, FIRSTCARE AND BELMONT HOUSE

After acquiring a 50% stake in Brindley Healthcare in July 2020, ORPEA acquired the remaining 50% of its capital in August 2021. Founded in 2000, Brindley Healthcare operates ten facilities (574 beds) across six counties adjacent to Dublin, and generated revenue of €25 million in 2020.

ORPEA also continued to develop in Ireland with the acquisitions of the FirstCare group (July 2021) and Belmont House (August 2021). Founded in 1994 and owned up to that date by its founder, FirstCare is the fourth largest operator of nursing homes in Ireland, with eight facilities representing 857 beds, including two sites (306 beds) under construction. FirstCare's modern facilities are located mainly in Dublin and primarily feature single rooms (over 90% of the offer). FirstCare posted revenue of €30.9 million in 2020. Belmont House is a well-known facility in Dublin with a capacity of 157 beds.

These transactions, following the acquisition of TLC in January 2020, have made ORPEA the leader in Ireland's private care facilities market.

SWITZERLAND: ACQUISITION OF SENSATO AG

Founded in 2008, Sensato AG is one of the leading private Swiss groups, with a network of seven facilities (443 beds) in the north and north west of the country (Aargau, Bern and Thurgau cantons) and a dual offering of nursing homes and senior assisted-living facilities, providing strong geographical complementarity as well as the potential for synergies with the existing ORPEA care network (through its subsidiary Senevita) in Switzerland.

In 2020, Sensato AG posted revenue of €20 million. Thanks to this May 2021 acquisition, ORPEA has strengthened its position as the second largest player in Switzerland with a total network at maturity of 47 facilities and 4,367 beds.

SPAIN: ACQUISITION OF SEVEN FACILITIES FROM SANITAS

In July 2021, ORPEA acquired seven facilities (838 beds) from Sanitas, a subsidiary of Bupa, a UK health insurance and care group. Two of these facilities are open (188 beds) and five are under redevelopment and construction in Madrid, Barcelona, Logrono and San Sebastian, representing total potential revenue of €25 million at maturity.

CONTINUED ORGANIC GROWTH WITH OVER 2,250 NEW BEDS ADDED

ORPEA added around 2,250 new beds in 2021 following the creation of new facilities and expansion of existing facilities.

2.1.3 FINANCING OPERATIONS

In 2021, ORPEA SA carried out its first public offering of sustainable bonds for €500 million in the form of a convertible bond with a maturity of seven years. The Group also completed new *Schuldscheindarlehen* issues in the year for a total amount of €462 million.

2.1.4 MANAGEMENT OF THE REAL ESTATE PORTFOLIO

At 31 December 2021, ORPEA owned 46% of the properties operated as part of its activities and its real estate portfolio was valued at €8.069 billion[1], a year-on-year increase of €1.1 billion.

The increase in the value of the portfolio is the result of a revaluation of the entire portfolio by independent experts, and of new developments and property disposals in connection with the arbitrage strategy. In 2021, the Group sold real estate assets in Germany and France to property companies for a total of €284 million.

(1) Excluding the €347 million in real estate assets held for sale.

2.2 Review of the consolidated financial statements for the year ended 31 December 2021

2.2.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	2021	2020
Revenue	**4,298,574**	**3,922,392**
Purchases used and other external costs	(845,236)	(748,837)
Personnel expenses	(2,428,888)	(2,210,306)
Taxes other than on income	(128,144)	(135,540)
Depreciation, amortisation and charges to provisions	(644,973)	(503,574)
Other recurring operating income	337,396	105,062
Other recurring operating expense	(193,002)	(6,294)
Recurring operating profit	**395,727**	**422,903**
Other non-recurring operating income	93,302	278,871
Other non-recurring operating expense	(134,369)	(234,782)
Operating profit	**354,660**	**466,992**
Financial income	12,116	16,168
Financial expense	(261,013)	(272,827)
Net financial expense	**(248,897)**	**(256,659)**
Profit before tax	**105,763**	**210,333**
Income tax expense	(37,539)	(52,584)
Share in profit/(loss) of associates and joint ventures	(1,362)	1,550
Net profit of consolidated companies	**66,862**	**159,299**
Attributable to non-controlling interests	1,676	(747)
Attributable to ORPEA's shareholders	**65,185**	**160,046**
Number of shares	64,640,075	64,631,325
Earnings per share *(in euros)*	1.01	2.48
Diluted earnings per share *(in euros)*	1.01	2.44

ORPEA GROUP'S 2021 CONSOLIDATED REVENUE

The ORPEA Group generated consolidated revenue of €4,298.6 million in 2021, up 9.6% on 2020. Revenue growth reflects the gradual increase in occupancy rates, mainly resulting from the Covid-19 vaccination campaign, as well as the contribution of external growth transactions in 2020 and 2021.

(in millions of euros)	2021	2020	2021/2020 change *(as a %)*	2019
France-Benelux-UK-Ireland	2,643.2	2,363.9	+11.8%	2,218.4
Central Europe	1,086.0	1,010.6	+7.5%	961.6
Eastern Europe	395.2	365.6	+8.1%	358.7
Iberian Peninsula and Latin America	171.1	179.1	-4.5%	198.3
Rest of the World	3.1	3.2	-3.1%	3.1
TOTAL	**4,298.6**	**3,922.4**	**+9.6%**	**3,740.2**

Consolidation dates: *Sensato – 1 May 2022, FirstCare – 1 July 2022, Brindley and Belmont – 1 August 2022.*
Composition of geographical areas:
France-Benelux-UK-Ireland: France, Belgium, the Netherlands, the United Kingdom, Luxembourg and Ireland.
Central Europe: Germany, Italy and Switzerland.
Eastern Europe: Austria, Poland, the Czech Republic, Croatia, Slovenia and Latvia.
Iberian Peninsula and Latin America: Spain, Portugal, Brazil, Uruguay, Mexico, Chile and Colombia.
Rest of the World: China.

Revenue in the **France-Benelux-UK-Ireland** area advanced 11.8% over the year to €2,643 million, accounting for 61.5% of the Group's total revenue. This increase results from the recovery in occupancy rates in nursing homes in France, the contribution of acquisitions in Ireland (FirstCare, Brindley and Belmont House), as well as a good level of activity in the clinics.

Central Europe revenue rose by 7.5% to €1,086 million, representing 25.3% of the Group's total revenue, driven by the acquisition of Sensato in Switzerland and a good level of activity in clinics.

Eastern Europe revenue grew by 8.1% to €395 million, reflecting the level of activity in the Group's Austrian post-acute care clinics, which had been closed for three months in 2020. This geographical area represents 9.2% of the Group's total revenue.

Iberian Peninsula and Latin America revenue was down by 4.5% to €171 million, or 3.9% of the Group's total revenue, as the Covid-19 pandemic and resulting health restrictions continued to impact business in Spain, along with work undertaken in certain facilities, leading to temporary closures.

Operations in China make up the **Rest of the World**, with the €3.1 million in revenue deriving from the facility in Nanjing.

PROFITABILITY AND NET PROFIT

(IFRS) *(in millions of euros)*	**31 Dec. 2021**	**% of revenue**	**31 Dec. 2020**	**% of revenue**	**2021/2020 change** *(as a %)*
Revenue	4,298.6	100.0%	3,922.4	100.0%	+9.6%
EBITDAR[1]	1,070.2	24.9%	963.0	24.6%	+11.1%
EBITDA[2]	1,040.7	24.2%	926.5	23.6%	+12.3%
Recurring operating profit	395.7	10.2%	422.9	10.8%	-6.4%
Operating profit	354.7	9.5%	467.0	11.9%	-24.1%
Net financial expense	(248.9)	N/A	(256.7)	N/A	-3.1%
Profit before tax	105.8	3.8%	210.3	5.4%	-49.7%
NET PROFIT ATTRIBUTABLE TO ORPEA'S SHAREHOLDERS	**65.2**	**2.7%**	**160.0**	**4.1%**	**-59.3%**

(1) EBITDAR = Recurring EBITDA before rental expenses, including provisions related to the "external costs" and "personnel expenses" line items.
(2) EBITDA = Recurring operating profit before depreciation and amortisation, including provisions relating to the "external costs" and "personnel expenses" line items.

EBITDAR (EBITDA before rental expenses) was up by 11.1% over the year to €1,070.2 million, representing 24.9% of revenue, compared to 24.6% in 2020. This increase reflects the rise in occupancy rates and includes a negative dilutive impact of 60 bps at Group level linked to the Ségur healthcare review in France.

EBITDA rose 12.3% to €1,040.7 million, or 24.4% of revenue.

Recurring operating profit was €395.7 million (down 6.4%) after €645 million in depreciation, amortisation and charges to provisions for which the expense was 28.1% higher than in 2020 due to an €83 million provision accrual following an administrative investigation in France that led to a report from the French government and the opening of legal proceedings (see section 2.5 "Outlook and events after the reporting date" for more details).

Non-recurring items represented a net expense of €41.1 million compared to a net gain of €44.1 million in 2020. This change is mainly due to impairment recognised against operating assets in an amount of €38.5 million.

Net interest expense was down 3.1% year on year to €248.9 million, and included a €20.7 million provision recognised in connection with Brazil Senior Living shares.

After €37.5 million in income tax expense, **net profit attributable to ORPEA's shareholders** came out 59.3% lower year on year at €65.2 million.

2.2.2 CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Goodwill	1,668,553	1,494,270
Intangible assets, net	3,076,406	2,881,430
Property, plant and equipment, net	7,237,005	6,154,741
Assets in progress	832,385	814,562
Right-of-use assets	3,072,567	2,817,216
Investments in associates and joint ventures	84,158	187,047
Non-current financial assets	94,703	90,952
Deferred tax assets	115,510	116,111
Non-current assets	**16,181,287**	**14,556,329**
Inventories	15,735	19,824
Trade receivables	431,630	233,223
Other receivables, accruals and prepayments	1,015,354	718,290
Cash and cash equivalents	952,369	888,836
Current assets	**2,415,088**	**1,860,173**
Assets held for sale	**387,952**	**550,000**
TOTAL ASSETS	**18,984,327**	**16,966,502**

EQUITY AND LIABILITIES

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Share capital	80,800	80,789
Consolidated reserves	2,399,657	2,311,027
Revaluation reserves	1,253,806	943,278
Net profit attributable to ORPEA's shareholders	65,185	160,046
Equity attributable to ORPEA's shareholders	**3,799,448**	**3,495,140**
Non-controlling interests	11,780	(5,181)
Total consolidated equity	**3,811,228**	**3,489,959**
Non-current debt excluding bridging loans	7,006,670	6,037,080
Non-current bridging loans	105	449,540
Non-current lease commitments	2,968,098	2,720,246
Long-term provisions	148,436	91,713
Provisions for pensions and other employee benefit obligations	75,035	99,243
Deferred tax liabilities and other non-current liabilities	1,433,660	1,445,331
Non-current liabilities	**11,632,004**	**10,843,153**
Current debt excluding bridging loans	1,304,899	1,008,159
Current bridging loans	550,625	47,631
Current lease commitments	297,098	266,285
Short-term provisions	22,464	23,867
Trade payables	334,797	310,420
Tax and payroll liabilities	329,107	310,905
Current income tax liabilities	68,808	34,675
Other payables, accruals and prepayments	633,297	631,448
Current liabilities	**3,541,095**	**2,633,390**
TOTAL EQUITY AND LIABILITIES	**18,984,327**	**16,966,502**

Operating intangible assets

At 31 December 2021, goodwill totalled €1,669 million compared to €1,494 million at end-2020. Intangible assets, comprising mainly operating licences, amounted to €3,076 million versus €2,881 million at 31 December 2020.

Real estate portfolio

The portfolio had a total value of €8,069 million, including €832 million in land and assets in progress or redevelopment.

This sharp €1,100 million (16%) increase compared to 2020 reflects:

- a €267 million revaluation resulting from appraisals of the entire existing real estate portfolio by independent experts Cushman & Wakefield, JLL and CBRE. This valuation was made on the basis of a stable capitalisation rate of 5.3%;
- continued development through new properties and the incorporation of properties acquired through mergers and acquisitions, mainly in Ireland and Austria, representing an increase of €1,271 million in portfolio value;
- property disposals in France and Germany, representing a decrease of €284 million in portfolio value.

All operating real estate assets are carried at fair value with the exception of buildings under construction and facilities under redevelopment.

Capital structure and debt

At 31 December 2021, equity attributable to ORPEA's shareholders stood at €3,799 million, up from €3,495 million at 31 December 2020.

At end-2021, the Group had cash and cash equivalents of €952 million, compared with €889 million at end-2020.

Net debt stood at €7,910 million, compared with €6,654 million at 31 December 2020. The increase is the result of significant real estate and operating investments in 2021. Net debt at 31 December 2021 comprised:

- current gross debt: €1,856 million;
- non-current gross debt: €7,007 million;
- cash and cash equivalents: €(952) million.

Current gross debt amounting to €1,856 million at 31 December 2021 comprised bridging loans to finance properties recently acquired or under construction or redevelopment, lease financing, and other miscellaneous borrowings and debt due in less than one year.

Debt ratios (covenants) excluding lease items (IFRS 16) at 31 December 2021 are as follows:

- financial leverage (restated for real estate assets) = 3.7 (5.5 authorised);
- gearing (restated) = 1.7 (2.0 authorised).

The application of IFRS 16 led to the recognition on the balance sheet of right-of-use assets relating to lease agreements in force for €3,073 million (31 December 2020: €2,817 million), while the present value of future lease payments recognised in liabilities totalled €3,265 million, €2,968 million of which is due in more than one year and €297 million within one year.

Other assets and liabilities

Changes in other receivables and payables reflect construction projects, disposals of real estate assets and acquisitions in connection with the Group's expansion drive.

2.2.3 CASH FLOWS

(in millions of euros)	2021	2020	2019
Gross cash flow from operations	895	781	874
Net cash generated by operating activities	754	778	807
Net cash used in investing activities	(1,409)	(1,013)	(978)
Net cash generated by financing activities	718	286	243
Change in cash and cash equivalents	64	50	71

Net cash generated by investing activities represented an outflow of €1,409 million, of which 90% related to ongoing construction projects and acquisitions of properties operated by the Group.

Net cash generated by financing activities represented an inflow of €718 million and includes proceeds from the €500 million public bond issue in March 2021 and *Schuldschein* issues for a total of €462 million.

2.3 Review of the individual financial statements for the year ended 31 December 2021

2.3.1 ORPEA SA INCOME STATEMENT

(in euros)	**31 Dec. 2021**	**31 Dec. 2020**
Revenue	1,026,726,578	965,500,629
Production transferred to inventories	(3,639,297)	(2,972,862)
Other operating income	76,616,956	53,040,139
Purchases and other external costs	(458,828,752)	(393,567,727)
Taxes other than on income	(53,006,482)	(58,302,749)
Personnel expenses	(541,977,223)	(501,668,745)
Depreciation, amortisation and charges to provisions	(120,807,039)	(28,655,279)
Other operating expenses	(13,773,110)	(2,356,457)
Operating profit/(loss)	**(88,688,369)**	**31,016,949**
Financial income	201,719,049	133,607,928
Financial expense	(163,597,305)	(135,722,270)
Net financial income/(expense)	**38,121,745**	**(2,114,342)**
Recurring profit/(loss) before tax	**(50,566,625)**	**28,902,607**
Net non-recurring expense	(20,562,814)	(3,196,333)
Employee profit-sharing	-	-
Income tax	19,503,106	4,782,337
NET PROFIT/(LOSS)	**(51,626,332)**	**30,488,611**

REVENUE

Revenue for 2021 amounted to €1,027 million, up 6.3% year on year as a result of an upturn in occupancy rates in nursing homes. The comparative 2020 period was affected by health restrictions triggered by the first wave of the Covid-19 pandemic.

OPERATING PROFIT/(LOSS)

Operating costs increased significantly, with "Purchases and external costs" rising 16.6% to €458.8 million and personnel expenses up 8% to €542 million.

The main change affecting operating items relates to the €83.2 million accrual to the provision for liabilities and charges following the IGAS-IGF report and the government's announcement on 28 April 2022 that it would be referring the case to the public prosecutor (see section 2.5). This relates to facts and circumstances that arose prior to the reporting date (2017-2021).

NET FINANCIAL INCOME/(EXPENSE)

Financial items represented net financial income of €38.1 million, due mainly to income on intra-group current accounts, including dividends received from the subsidiary CLINEA.

NON-RECURRING ITEMS

Non-recurring items represented a net expense of €20.6 million, compared with a net expense of €3.2 million in 2020.

NET PROFIT/(LOSS)

The Company posted a loss of €51.6 million for 2021, compared to a profit of €30.5 million for 2020.

2.3.2 ORPEA SA BALANCE SHEET

ASSETS

	31 Dec. 2021			31 Dec. 2020
(in euros)	**Gross**	**Depreciation, amortisation and charges to provisions**	**Net**	**Net**
NON-CURRENT ASSETS				
Intangible assets	449,987,988	23,056,185	426,931,803	416,982,313
Property, plant and equipment	595,196,801	251,555,156	343,931,803	311,935,034
Financial assets	2,197,667,722	30,744,178	2,166,923,544	1,854,519,187
Total non-current assets	**3,242,852,513**	**305,355,519**	**2,937,496,994**	**2,583,436,534**
CURRENT ASSETS				
Inventories and work-in-progress	7,037,307	-	7,037,307	26,660,752
Advances and downpayments	4,735,565	-	4,735,565	4,620,322
Trade receivables	60,804,666	9,096,958	51,707,708	28,793,046
Other receivables	4,240,442,170	12,000,721	4,228,441,449	3,673,640,290
Marketable securities	4,394,678	-	4,394,678	4,394,680
Cash at bank and at hand	359,345,968	-	359,345,968	540,032,024
Prepaid expenses	26,862,054	-	26,862,054	20,803,127
Total current assets	**4,703,622,408**	**21,097,679**	**4,682,524,730**	**4,298,944,242**
Bond redemption premiums	8,303,287	-	8,303,287	1,820,667
Unrealised foreign currency losses	3,434,967	-	3,434,967	2,717,578
TOTAL ASSETS	**7,958,213,175**	**326,453,198**	**7,631,759,978**	**6,886,919,022**

EQUITY AND LIABILITIES

(in euros)	31 Dec. 2021	31 Dec. 2020
EQUITY		
Share capital	80,800,094	80,789,156
Share premiums and reserves	696,496,749	724,143,081
Net profit/(loss) for the period	(51,626,332)	30,488,611
Tax-regulated provisions	9,671,093	9,636,790
Total equity	**735,341,604**	**845,057,638**
Provisions for liabilities and charges	95,241,589	15,025,226
LIABILITIES		
Borrowings and debt	5,729,061,450	4,889,351,437
Advances and downpayments	2,006	37,846
Trade payables	70,553,938	47,601,857
Tax and payroll liabilities	110,030,326	99,037,957
Other payables	857,009,609	977,248,513
Prepaid income	23,695,832	10,949,954
Total liabilities	**6,790,353,161**	**6,024,227,563**
Unrealised foreign currency gains	10,823,623	2,608,595
TOTAL EQUITY AND LIABILITIES	**7,631,759,978**	**6,886,919,022**

ORPEA SA's net non-current assets totalled €2,937.5 million at 31 December 2021, versus €2,583.4 million at 31 December 2020. This increase was mainly due to the rise in equity investments, mainly as a result of capital increases in subsidiaries (€284 million) and acquisitions (€37 million).

Net current assets came to €4,682.5 million at 31 December 2021 versus €4,298.9 million at 31 December 2020. The increase in Group and associate company receivables corresponds to the increase in receivables due from Group entities in relation to inter-company loans granted for the entities' development, acquisitions and construction projects.

On the liabilities side, the Company's equity totalled €735.3 million at 31 December 2021, compared with €845.1 million at end-2020.

Borrowings and debt – the Company's main liability item – rose to €5,729 million at 31 December 2021 from €4,889.4 million at 31 December 2020.

Total equity and liabilities amounted to €7,631.8 million at 31 December 2021, compared with €6,886.9 million at 31 December 2020.

2.3.3 SUBSIDIARIES AND OTHER EQUITY INTERESTS

In the **France-Benelux-UK-Ireland** area (France, Belgium, the Netherlands, the United Kingdom and Ireland), revenue continued to grow in 2021, up 11.8% to €2,643.2 million. EBITDAR moved up 9.8% to €694.5 million, while the EBITDAR margin for this geographical area fell slightly to 26.3% (from 26.8% in 2020).

Central Europe (Germany, Switzerland and Italy) saw further revenue growth, up 7.5% to €1,086.0 million. EBITDAR advanced 5.5% to come out at €283.9 million, while the EBITDAR margin for this geographical area fell slightly to 26.1% (from 26.6% in 2020).

In the **Eastern Europe** area (Austria, the Czech Republic, Poland, Croatia, Slovenia and Latvia), revenue for the year climbed 8.1% to €395.2 million. EBITDAR was up 15.9% to €69.9 million, while the EBITDAR margin for this geographical area increased to 15.4% (from 14.4% in 2020).

In the **Iberian Peninsula and Latin America** area (Spain, Portugal, Brazil, Uruguay and Mexico), revenue fell 4.5% to €171.1 million in 2021. EBITDAR jumped 234.4% to €31.9 million, while the EBITDAR margin for this geographical area widened to 18.7% (from 5.3% in 2020).

In the **Rest of the World** (China) area, revenue for 2021 fell 5.3% to €3.1 million. EBITDAR was down 42.3% at a negative €0.9 million.

Details of the main shareholdings are shown in Chapter 6 (individual financial statements for the year ended 31 December 2021).

2.3.4 INFORMATION ON SUPPLIER AND CUSTOMER PAYMENT TERMS

Pursuant to Articles L. 441-14, D. 441-2 and D. 441-6 of the French Commercial Code [*Code de commerce*], the following table shows information about the payment terms applicable to ORPEA's suppliers and customers at 31 December 2021.

	Past-due invoices received but not paid at the reporting date					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payments by period						
Number of invoices concerned	2,082					8,089
Total amount of invoices concerned incl. VAT	15,185,931.99	5,702,412.92	1,526,761.66	1,697,479.54	852,843.61	9,779,497.73
Percentage of total purchases in the year incl. VAT	2%	1%	0%	0%	0%	1%
Percentage of total revenue for the year incl. VAT						
(B) Invoices excluded from (A) corresponding to payables and receivables in dispute or not recognised						
Number of invoices excluded	Impossible to obtain this information (accrued invoices by total for each period and not by invoice)					
Total amount of invoices excluded incl. VAT			45,588,508.28			
(C) Reference payment terms used						
Payment terms used to calculate late payments			Contractual period:	30 days		
			Statutory period:	30 days		

	Past-due invoices issued but not paid at the reporting date					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payments by period						
Number of invoices concerned	139					55,573
Total amount of invoices concerned incl. VAT	927,218.56	5,281,692.75	2,562,779.14	533,491.00	22,733,250.88	31,111,213.77
Percentage of total purchases in the year incl. VAT						
Percentage of total revenue for the year incl. VAT	0%	1%	0%	0%	3%	4%
(B) Invoices excluded from (A) corresponding to payables and receivables in dispute or not recognised						
Number of invoices excluded	Impossible to obtain this information (invoices to be issued and doubtful accounts by total per period and not by invoice)					
Total amount of invoices excluded incl. VAT			28,766,233.76			
(C) Reference payment terms used						
Payment terms used to calculate late payments			Contractual period:	0 days		
			Statutory period:	30 days		

Note:
The number of (A) invoices relating to suppliers is taken from our digitalisation software, which handles most of our payables.
The number of (A) invoices relating to customers is taken from our billing software, which handles most of our receivables.
Invoices issued to customers are due immediately. A 30-day payment term was taken into account in 2020.

2.4 Other financial information

2.4.1 DIVIDEND PAYMENTS IN THE PAST THREE YEARS

The table below shows the dividend per share paid in the past three years, as well as the applicable tax regime.

Period concerned (year of distribution)	Dividend paid per share	Eligible for the 40% tax allowance referred to in Article 158(3)(2) of the French General Tax Code *(Code général des impôts)*	Not eligible for the 40% tax allowance referred to in Article 158(3)(2) of the French General Tax Code *(Code général des impôts)*
2018 (2019)	€1.20	€1.20	None
2019 (2020)	€0.00	-	-
2020 (2021)	€0.90	€0.90	None

Pursuant to Article 2224 of the French Civil Code (*Code civil*) and Article L. 1126-1 of the French Public Property Code (*Code générale de la propriété des personnes publiques*), dividends that are not claimed within five years of their payment date will lapse and become the property of the State.

2.4.2 ALLOCATION OF NET PROFIT/(LOSS)

At the Annual General Meeting scheduled for 28 July 2022, shareholders will be asked to appropriate the loss for the year ended 31 December 2021, amounting to €51,626,332.22, as follows:

Origin	
Loss for the year	€51,626,332.22
Appropriation	
Other reserves	€33,205,865.54
Share premium	€18,420,466.68

2.4.3 SUMPTUARY EXPENSES

Sumptuary expenses referred to in Article 39-4 of the French General Tax Code (*Code général des impôts*) amounted to €862,994 for the Company. These included excess depreciation of passenger vehicles not deductible for tax purposes.

2.4.4 LEGAL AND ARBITRATION PROCEEDINGS

In the normal course of its French and international business, the Group is involved in litigation or disputes, mainly in the labour and tax fields. The provisions accrued in respect of any such disputes are described in the notes to the consolidated and individual financial statements on pages 268, 269, 306 and 307 of this Universal Registration Document.

Following the claims made against the Group in a book containing allegations of wrongdoing, the French government ordered two investigations of ORPEA, one by the General Inspectorate of Social Affairs (*Inspection Générale des Affaires Sociales* – IGAS) and the other by the General Inspectorate of Finance (*Inspection Générale des Finances* – IGF). On 26 March 2022, the Minister Delegate to the Minister of Solidarity and Health in charge of Autonomy submitted the final report of the joint IGAS-IGF investigation to the public prosecutor. In this regard, the Company booked a provision for €83.2 million in its individual and consolidated financial statements at 31 December 2021, which breaks down as follows:

- €58.9 million in respect of surpluses over the 2017-2021 period;
- €18.4 million in respect of procurement services over the 2017-2020 period;
- €5.9 million in respect of non-compliant charges over the 2017-2020 period.

Furthermore, on 2 May 2022 ORPEA announced that it had filed a complaint against unnamed persons with the public prosecutor for past transactions and events – wholly unrelated to the accommodation and care conditions for residents – that could raise questions with regard to ORPEA's best interests and which were discovered following internal investigations that revealed a certain number of fraudulent activities of which the Company or its subsidiaries may have been victims.

At present, the Group is not aware of any exceptional event or litigation, including in the recent past, that could have a material adverse effect on its assets and liabilities, financial position, business activities or the results of its operations.

To the best of the Group's knowledge, there are no other governmental, legal or arbitration proceedings that may have, or have had in the recent past, a material adverse impact on the financial position or profitability of the Company and/or the Group.

2.5 Outlook and events after the reporting date

2.5.1 PUBLICATION OF A BOOK CONTAINING ALLEGATIONS OF WRONGDOING

Following the publication on 26 January 2022 of a book containing allegations of wrongdoing, ORPEA's Board of Directors mandated Grant Thornton and Alvarez & Marsal to conduct an independent review of the allegations in question. At the same time, the Ministry of Solidarity and Health ordered each of the General Inspectorate of Finance (IGF) and the General Inspectorate of Social Affairs (IGAS) to investigate the claims.

On 30 January 2022, the Group's Board of Directors decided to terminate Yves Le Masne's duties' as Chief Executive Officer, and to appoint Philippe Charrier as Chairman and Chief Executive Officer. Mr Charrier's mission is to ensure, under the Board's control, that best practices are applied throughout the Company and to shed full light on the allegations made, based in particular on the aforementioned reviews.

2.5.2 FINDINGS OF ADMINISTRATIVE INVESTIGATIONS AND INDEPENDENT REVIEWS

On 26 March 2022, ORPEA issued a press release disclosing the findings of the final reports of the IGAS-IGF joint investigation and took note of the announcement by Brigitte Bourguignon, Minister Delegate to the Minister of Solidarity and Health in charge of Autonomy, of her decision to transmit to the public prosecutor the report of the administrative investigation carried out by the IGAS and IGF. The provision for liabilities and charges booked by the Company following the publication of this report is detailed in section 2.4.4 above.

The administrative investigation enabled the Company to identify areas for improvement and ORPEA has already committed to taking the corrective actions outlined below.

On 26 April 2022, the Company published the progress report by Grant Thornton and Alvarez & Marsal, submitted to the Company's Board of Directors a few days earlier, which confirmed the findings of the IGAS-IGF investigation. Based on the preliminary findings of these independent reviews, we are as yet unable to confirm the existence of a systemic issue in relation to supply shortages for incontinence products or food rationing. The final report on the use of public funds and business relations with third parties, including some public officials (series of allegations 2 and 3), was submitted to the Board of Directors on 27 May 2022; the final report on the care of nursing home residents and on employment law (series of allegations 1 and 4) will be submitted by 30 June 2022.

2.5.3 MEASURES TO SUPPORT A WAY OUT OF THE CRISIS

On 2 May 2022, ORPEA's Board of Directors appointed Laurent Guillot as Chief Executive Officer with effect from 1 July 2022. Aged 52 and boasting extensive management experience, Laurent Guillot will be responsible for developing and implementing the improvement and transformation plan to build the New ORPEA. His appointment to the Board of Directors will be proposed to the Annual General Meeting scheduled for 28 July 2022. Laurent Guillot will act as advisor to the Chairman and Chief Executive Officer until he takes office.

On the same day, ORPEA also announced that it had filed a complaint against unnamed persons with the public prosecutor for past transactions and events – wholly unrelated to the accommodation and care conditions for residents – that could raise questions with regard to ORPEA's best interests and which were discovered following internal investigations that revealed a number of fraudulent activities of which the Company or its subsidiaries may have been victims.

The Company has not currently identified any material adverse impact on its cash flow or real estate assets resulting from the reported fraudulent activities.

The Company intends to use all means at its disposal to recover the sums of money that it may have been deprived of as a result of these fraudulent activities.

Internal measures were immediately taken to remove the persons likely to be involved in these fraudulent activities and to strengthen the Group's internal control procedures; its investigations are ongoing and could lead to further dismissals.

The Board of Directors has also unanimously approved various structural changes, including:

- conducting a study regarding the transformation of ORPEA into a mission-led company (*société à mission*);
- the renewal of the Board of Directors with an initial proposal to appoint four new directors (including the future Chief Executive Officer) at the next Annual General Meeting;
- a major transformation plan, to be deployed primarily in France, focusing on four main areas: the quality of care and well-being of residents, the strengthening of dialogue with stakeholders, an ambitious human resources policy and renewed managerial practices.

Accordingly, the implementation of these structural changes will include the following actions:

- significantly strengthening internal controls;
- setting up a forum for hearing grievances and an external mediation plan;
- setting up an Ethics Committee in France;
- revising and simplifying the quality process, with the systematic reporting of adverse events;
- reshaping labour relations, including the overhaul in progress of the employee representative institutions in France, holding open discussions on health and safety at work for employees and adding Human Resources experts to teams;
- drawing up a plan to attract and retain talent; enhancing career paths, particularly through experience accreditation programmes (target of 300/year) and apprenticeships (target of 500/year); analysing salaries by employment catchment area; and systematically using overtime in the event of absenteeism;
- actively promoting both our whistleblowing policy for employees and the new Code of Conduct – Ethics and Corporate Social Responsibility;
- thoroughly exploring decentralisation and increased autonomy for the facility directors.

FIRST-QUARTER 2022 REVENUE UP 9.0% AT €1,119.7 MILLION

(in thousands of euros)	First-quarter 2022	First-quarter 2021	Change
France-Benelux-UK-Ireland	679.2	635.7	+6.8%
Central Europe	283.0	260.1	+8.8%
Eastern Europe	101.3	90.7	+11.7%
Iberian Peninsula and Latin America	55.3	40.1	+37.7%
Rest of the World	0.9	0.7	+35.7%
TOTAL REVENUE	**1,119.7**	**1,027.3**	**+9.0%**
Of which organic growth[1]			*+5.0%*

(1) Organic growth in consolidated revenue reflects the following factors: 1. The year-on-year change in revenue of existing facilities as a result of changes in their occupancy and per diem rates; 2. The year-on-year change in revenue of redeveloped facilities or facilities where capacity was increased in the current or previous year; 3. Revenue generated in the current period by facilities created during the current or previous period, and the change in revenue of recently acquired facilities in comparison with the previous equivalent period.
Consolidation dates: Brazil Senior Living group – January 2022; Sensato AG – May 2021; FirstCare – July 2021; Brindley, Belmont – August 2021.
Composition of geographical areas: France-Benelux-UK-Ireland (France, Belgium, the Netherlands, the United Kingdom and Ireland); Central Europe (Germany, Italy and Switzerland); Eastern Europe (Austria, Poland, the Czech Republic, Slovenia, Latvia, Croatia and Russia); the Iberian Peninsula and Latin America (Spain, Portugal, Brazil, Uruguay, Mexico, Colombia and Chile); Rest of the World (China).

ORPEA reported robust growth in the first quarter of 2022, with revenue up 9.0% year on year to €1,027.3 million. While revenue in France declined following the publication of the book mentioned in section 2.5.1, the Group's occupancy rate in first-quarter 2022 is significantly higher than that observed in the same period of 2021. ORPEA recorded solid overall growth momentum in the first quarter of 2022, with revenue up 9.0%, including 5.0% organic growth.

In France, against a difficult backdrop, the nursing homes business recorded a decline in occupancy rates in the first quarter.

The rest of the Group's business enjoyed good momentum, with occupancy rates on an upward trend.

The Iberian Peninsula and Latin America area benefited from the inclusion of the Brazil Senior Living group within the scope of consolidation in January 2022, which added €7 million to revenue for the quarter.

2.5.4 NEW FUNDING AND CONCILIATION PROCEDURE

On 13 May 2022, ORPEA entered into an agreement in principle with its core banking partners BNP Paribas, Crédit Agricole, Crédit Mutuel Alliance Fédérale, BPCE group, La Banque Postale and Société Générale ("the **Banks**").

This agreement in principle with the Banks is a response to the current period of uncertainty affecting ORPEA, as well as to closed-off access to financial markets and the slowdown in the initially planned real estate asset disposal programme, and will notably enable it to meet significant debt servicing obligations in 2022 (approximately €813 million due in the second half of the year) and in 2023 (approximately €1,004 million due).

The agreement in principle is part of an amicable conciliation procedure, opened by order of the President of the Nanterre Commercial Court on 20 April 2022.

The agreement in principle, unanimously approved by ORPEA's Board of Directors, includes the following key principles:

- **Provision of a new financing plan by the Banks via a secured syndicated facility of €1.733 billion:**

  The key terms of this facility granted by the Banks to ORPEA include:

  i. medium-term financing, maturing in December 2025, in order to (a) provide new cash funds to the Group in an amount of €600 million, repayable partly at maturity and partly by instalments (€100 million in each of June 2024, December 2024 and June 2025), and (b) finance repayments of existing debt in an amount of €233 million, repayable at maturity; and

  ii. €900 million in short-term financing, consisting of several tranches maturing in June 2023 for €200 million and in December 2023 for €700 million (with the option to extend these two maturities by six months, exercisable at ORPEA's discretion subject to certain conditions).

  The new financing includes:

  - a commitment to the lenders to maintain a minimum cash level of €300 million, to be tested quarterly from June 2023;
  - commitments relating to the disposal of operating and real estate assets, the latter for a cumulative gross asset value (excluding duties) of (i) €1 billion at 31 December 2023, increasing to (ii) €1.5 billion at 31 December 2024, and to (iii) €2 billion at 31 December 2025;
  - a change of control clause for ORPEA; and
  - a cross-default clause (€40 million threshold).

  The new financing will benefit from a pledge over the shares of the subsidiaries CLINEA and CEECSH (representing 25% and 32% of Group revenue, respectively). Following certain reorganisations to be carried out within the Group, the pledges will be over shares in CLINEA France and the Group's business in Germany, representing 25% and 16% of consolidated revenue, respectively.

  It is further noted that the average interest rate of all new lines granted under the agreement in principle in respect of the €1.733 billion tranche will be Euribor + 3.9% (except for the optional refinancing facility bearing interest at Euribor + 5%), compared to the Group's current average estimated borrowing cost of 2.2%.

  Part of the proceeds from the disposals will be immediately allocated to the repayment of the short-term tranches of the facility.

- **Setting up an optional syndicated facility up to a maximum amount of €1.5 billion due December 2026, open in priority to lenders participating in the short- and medium-term financing outlined above, to refinance the unsecured bank facilities at a rate of Euribor + 5%.**
- **Cancelling the dividend payment for 2021.**

This agreement in principle was the subject of a loan agreement signed with the Banks on 13 June 2022 and a conciliation protocol approved by the Nanterre Commercial Court on 10 June 2022.

2.5.5 2022 OUTLOOK

Following the IGF-IGAS report, the independent review conducted at the request of the Board of Directors is continuing its investigations into the care of nursing home residents and employment law (series of allegations 1 and 4) and its findings are expected to be delivered no later than 30 June. The review's findings in relation to the use of public funds and business relations with third parties, particularly some public officials (series of allegations 2 and 3) were delivered on 27 May 2022. The Group has already implemented corrective actions and will continue to take necessary measures as and when the findings of the ongoing reviews become available.

The Group remains confident about its revenue growth momentum in 2022, which should continue to benefit from numerous new site openings (with a target of more than 3,000 new beds over the period) and from favourable business trends in international markets and in clinics in France.

The Group's operating profitability will be affected by the unfavourable inflationary environment linked to the Russia-Ukraine conflict, specifically impacting energy costs and salaries in certain countries. The Group's assets and investments in Russia are not material.

The Group will also have to face one-off expenses related to the management of the aforementioned crisis and its consequences.

2.6 Five-year financial summary

	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
SHARE CAPITAL AT YEAR-END					
Share capital *(in euros)*	80,800,094	80,789,156	80,769,796	80,732,904	80,691,404
Number of ordinary shares in issue	64,640,075	64,631,325	64,615,837	64,586,323	64,553,123
Maximum number of additional shares to be issued					
• through bond conversion	3,471,691	3,450,511	3,450,511	0	0
• through exercise of subscription rights	312,449	271,516	183,110	71,726	0
RESULTS OF OPERATIONS *(in euros)*					
Revenue	1,026,726,578	965,500,629	943,200,804	866,262,327	792,094,399
Operating profit/(loss)	(88,688,369)	31,016,949	76,381,958	73,782,467	72,128,666
Net financial income/(expense)	38,121,745	(2,114,342)	(1,824,040)	(43,959,392)	52,996,448
Recurring profit/(loss) before tax	(50,566,625)	28,902,607	74,557,918	29,823,075	125,125,114
Net non-recurring expense	(20,562,814)	(3,196,333)	(613,094)	25,085,146	(8,969,099)
Earnings before tax, depreciation, amortisation and charges to provisions	32,118,669	59,672,228	107,489,078	95,921,561	146,632,512
Income tax	19,503,106	4,782,337	(13,156,217)	(17,537,186)	(4,954,206)
Net profit/(loss)	(51,626,332)	30,488,611	60,788,607	37,371,035	111,201,809
Distributed earnings			0	77,539,004	71,044,955.30
EARNINGS/(LOSS) PER SHARE *(in euros)*					
Basic earnings/(loss) per share	(0.80)	0.47	0.94	0.58	1.72
Maximum diluted earnings per share	0.80	0.47	0.94	0.58	1.72
Dividend paid per share	0	0.90	0	1.20	1.10
EMPLOYEES					
Average headcount	12,424	12,041	11,946	11,145	9,643
Total personnel expenses *(in euros)*	413,794,502	378,838,047	349,428,394	327,623,211	279,795,303
Total employee benefits *(in euros)*	128,182,721	122,830,698	104,664,462	104,689,281	89,515,129

France Clinea
SSR Port-Royal Hospital

3.

Risk factors and internal control

3.1 Risk factors and risk management

3.1.1 IDENTIFICATION OF RISKS

The Group has a risk management and prevention policy that is adapted to the risks inherent to its business. This policy is based on a structured approach to identifying, assessing, prioritising and then controlling the risks that could compromise the Group's objectives.

In 2019, the Company completely overhauled the Group's risk map, covering all of its countries and businesses. The risk map was shared in full with the members of the Group's Executive Management, the Audit Committee and the Board of Directors.

The Group's risk mapping process is based on the following steps:

- analysing and classifying by category the risks identified through interviews conducted with the Group's key managers;
- benchmarking risks against those that apply to similar sized companies operating in the same or related sectors;
- rating each risk based on expected severity, likelihood of occurrence and level of control;
- overseeing action plans to mitigate the risks that constitute key challenges for the Group.

In 2022, the Group carried out a new assessment of its main risks and updated its risk map accordingly, notably taking into account the consequences of the crisis faced by the Group and its stakeholders since the publication on 26 January 2022 of a book containing allegations of wrongdoing, particularly in facilities operated by the Group in France.

3.1.2 MAIN RISKS

This section includes the information required pursuant to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council. It therefore sets out the main risks that could impact the Group's business, financial position, reputation, results and outlook.

The risk factors described in this section are limited to the risks which are material for making an informed investment decision.

The risks identified by the Group in the risk mapping process are ranked in order of severity: low, moderate, significant and major. This ranking – which corresponds to a qualitative assessment – is based on a combination of each risk's likelihood of occurrence and its potential impact. The effect of the Group's internal control systems is then taken into account in order to obtain the net risks presented in the table below.

The methods used for identifying and assessing the risks are the same as those applied for the risks set out in the Non-Financial Statement and in the Duty of Care Plan.

Legal and compliance risks (net estimate)		Severity
3.1.3.1	Dispute, claims and litigation risk	Major
3.1.3.2	Risk of non-compliance with the Group's principles in terms of ethics and the prevention of corruption and influence peddling* **	Major
3.1.3.3	Risk related to managing personal data and medical information	Significant
3.1.3.4	Risk related to the award and renewal of operating licences	Moderate
3.1.3.5	Risk related to pricing policies	Moderate

Operational risks (net estimate)		Severity
3.1.4.1	Risk of damage to the Group's image	Major
3.1.4.2	Risk of fraud and internal control failure	Major
3.1.4.3	Human resources risk: difficulties in attracting, hiring and retaining employees, especially for in-demand jobs (medical and paramedical)*	Significant
3.1.4.4	Information systems and cybersecurity risk	Significant
3.1.4.5	Risk related to a failure to respect the rights and dignity of vulnerable people* **	Moderate
3.1.4.6	Risk related to facility safety conditions * **	Moderate

Financial risks (net estimate)		Severity
3.1.5.1	Liquidity risk and risk related to raising additional funding	Major
3.1.5.2	Inflation risk	Significant
3.1.5.3	Interest rate risk	Significant

Risks related to the construction and maintenance of real estate assets (net estimate)		Severity
3.1.6	Risk related to the construction and maintenance of real estate assets	Moderate

** Non-Financial Statement*
*** Duty of Care Plan*

3.1.3 LEGAL AND COMPLIANCE RISKS

3.1.3.1 DISPUTE, CLAIMS AND LITIGATION RISK

Risk identification

The Group's activities, which entail the care of vulnerable people, are of a highly sensitive nature and are therefore particularly exposed to the risk of disputes, claims and litigation. This risk has particularly materialised in the context of the crisis faced by the Group and its stakeholders since the publication of a book containing allegations of wrongdoing, notably in the facilities operated by the Group in France.

The Group responded to questions put to it by the joint investigation team set up by the French government, comprising members of the General Inspectorate for Social Affairs (*Inspection Générale des Affaires Sociales* – IGAS) and the General Inspectorate for Finance (*Inspection Générale des Finances* – IGF). On 26 March 2022, Brigitte Bourguignon – then Minister Delegate to the Minister of Solidarity and Health, in charge of Autonomy – announced that she would be forwarding the investigation team's report to the French public prosecutor.

Since April 2022, lawyers claiming to represent the families of residents and patients in the Group's facilities have announced that they have filed several criminal complaints alleging various personal injury offences. The Group is not aware of the exact content or number of these complaints.

Based on publicly available information, it is apparent that the Nanterre public prosecutor is in charge of (i) the legal investigations based on the report provided by the authorities and (ii) some of the complaints filed. Other civil or criminal proceedings, either related or unrelated to the allegations of wrongdoing, could result in civil or criminal liability of the Group, its managers and/or current or former employees.

Lastly, on 2 May 2022, the Group announced that it had filed a complaint with the public prosecutor against unnamed persons for past events and operations – totally unrelated to the living and care conditions of residents – that could adversely affect ORPEA's best interests and which were discovered following internal investigations.

If the above procedures were to result in lawsuits or criminal proceedings being brought against the Group, its managers and/or its current or former employees, and in civil rulings or criminal convictions being handed down against them, this could impact the Group's cash flow and damage its image and reputation, which would negatively affect its business, financial position, results and business development prospects.

Risk management

In early February 2022, the Board of Directors commissioned Grant Thornton France and Alvarez & Marsal to conduct an independent review of the allegations made in the book published a few days earlier. After a status update in mid-April 2022, the final report on sections 2 and 3 relating to the use of public funds and business relations with third parties, and in particular certain public officials, was submitted to the Board of Directors on 27 May 2022. The final report on sections 1 and 4 relating to the quality of care of nursing home residents and employment law will be submitted to the Board by 30 June 2022.

The Company also cooperated with the IGAS and IGF joint investigation team, which submitted its final report on 26 March, highlighting certain wrongdoing for which remedial action has already been taken.

The Company recorded an €83.2 million provision for the above risks in its individual and consolidated financial statements at 31 December 2021, which breaks down as follows:

- €58.9 million for surplus public financing relating to 2017-2021;
- €18.4 million for procurement services relating to 2017-2020;
- €5.9 million for non-compliant expense deductions relating to 2017-2020.

In parallel with these external and internal investigations, the Group has already implemented the corrective actions described below (in the section on "Risk of fraud and internal control failure") and will continue to take appropriate measures as the findings of the audits become available.

The Board of Directors has also unanimously approved various structural changes, including:

- the appointment, with effect from 1 July 2022, of Laurent Guillot as the new Chief Executive Officer to succeed Philippe Charrier, who was appointed Chairman and Chief Executive Officer after Yves Le Masne was removed from office on 30 January 2022;
- conducting a study regarding the transformation of ORPEA into a mission-led company (*société à mission*);
- reshaping the Board of Directors, with an initial proposal to appoint four new directors (including the future Chief Executive Officer, Laurent Guillot) at the next Annual General Meeting;
- putting in place a major transformation plan, to be deployed with priority in France and focused on four main areas: the quality of care and well-being of residents, strengthening dialogue with stakeholders, an ambitious human resources policy and reworked managerial practices.

The above changes will notably be achieved through the following measures, some of which have already been implemented:

- creating a helpline and an external mediation system;
- setting up an Ethics Committee in France;
- adapting and streamlining quality processes, including ensuring that material adverse events are systematically reported;
- reconfiguring labour relations, including overhauling the Group's employee representative organisations in France (which is already under way), initiating open discussions on health and safety at work for employees, and reinforcing the teams with human resources experts;
- drawing up a plan to attract and retain talent; enhancing career paths, particularly through experience accreditation programmes (target of 300/year) and apprenticeships (target of 500/year); analysing salaries by employment catchment area; and systematically using overtime in the event of absenteeism;
- actively promoting the Group's whistleblowing platform for employees and the new Code of Conduct – Ethics and Corporate Social Responsibility;
- carrying out an in-depth review on decentralisation and increased autonomy for the facility directors;
- significantly strengthening internal control.

3.1.3.2 RISK OF NON-COMPLIANCE WITH THE GROUP'S PRINCIPLES IN TERMS OF ETHICS AND THE PREVENTION OF CORRUPTION AND INFLUENCE PEDDLING

Risk identification

Ethical conduct and integrity are crucially important to ORPEA. Like any decentralised international business, the Group may be exposed to breaches of its Code of Conduct by one of its employees or stakeholders. Aside from any penalties that may be incurred for such breaches, they could damage the Group's reputation and have a detrimental impact on its business, financial position, results and outlook.

Moreover, ORPEA is expanding in countries, such as Brazil, where the risk of corruption is considered higher than in its core markets. This could therefore expose employees to new sources of risk that the Group needs to identify in order to protect itself.

In addition, the Group's activities entail building relationships with public authorities and civil servants, as well as with health professionals (doctors, pharmacists, etc.) in all of the countries where it operates. Consequently, the Group may incur sanctions if it does not fully comply with the requirements of France's Sapin II law, in particular with regards to its anti-corruption provisions, and the applicable local laws and regulations.

Lastly, on 2 May 2022, the Group announced that it had filed a complaint with the public prosecutor against unnamed persons for past events and operations – totally unrelated to the living and care conditions of residents – that could adversely affect ORPEA's best interests and which were discovered following internal investigations.

Risk management

As part of the Group's implementation of France's Sapin II law (law no. 2016-1691) of 9 December 2016 on transparency, anti-corruption and the modernisation of business practices, and in accordance with similar laws and regulations in other countries, the Group has integrated into its internal control system a compliance programme including measures on the prevention of corruption and influence peddling. The Group's Executive Management is responsible for deploying and overseeing this programme. An international network of compliance correspondents ensures that the programme's rules – especially those related to business integrity – are relayed across the Group and respected at local level. To that end they carry out awareness-raising initiatives and provide training.

To remain aligned with evolving market practices and regulatory requirements, a new risk mapping process was undertaken in 2021 to specifically address corruption and influence peddling risks, with the results of the process summarised in a Group risk map.

As part of its ethics approach, the Group also has (i) a gifts and hospitality policy, which was harmonised and adapted in line with local specifications in 2019, and (ii) a specific system for managing conflicts of interest, which was last revised in March 2022 (educational guide on the concept of conflict of interest, mandatory annual declaration for the people most exposed to this risk situation, analysis of potential and actual conflicts of interest and implementation of corrective measures where required).

The Group also pays particular attention to the integrity of the third parties with which it works and has put in place third-party internal control and approval procedures. Due diligence processes are carried out where appropriate, with the support of local compliance correspondents. These processes entail verifying the integrity of certain strategic third parties (such as first-tier suppliers and general contractors) and substantially all third parties involved in acquisitions (including the vendors). For example, the acquisition projects presented to the Development Committee include a Compliance section in which the Development Officer concerned is required to certify that they have verified the integrity of the vendor and, where applicable, the intermediary involved in the project. This verification process includes consulting Dow Jones and LexisNexis databases. Similarly, before any payments are made, treasurers are required to verify the identity of the beneficiaries through a call-back procedure.

3.1.3.3 RISK RELATED TO MANAGING PERSONAL DATA AND MEDICAL INFORMATION

Risk identification

Risks related to data collection, hosting and access are clear priorities given the Group's shift towards digitalising the data held in its systems. All personal data must be handled in accordance with the EU General Data Protection Regulation (GDPR) and/or local regulations. The Group has a department responsible for ensuring that its data protection policy is properly implemented, and, in particular that only necessary data is collected, that data subjects are given the required information, and that any requests submitted by data subjects are answered.

The data held by the Group – particularly personal data and medical information – could be subject to fraud or other internal or external wrongdoing. In particular, the Group or its service providers could be victims of cyberattacks (viruses, denial of service, etc.), sabotage or intrusion (physical or virtual), which could affect the availability, integrity and/or confidentiality of such data. If such an event were to occur it could adversely impact the owners of the stolen or disclosed data, which in turn could affect the Group's reputation and the trust placed in it. The Group could be held liable if the necessary data protection measures are not effectively implemented, which could have a significant financial impact (fines imposed by data protection authorities [CNIL in France], damages payable to customers or other parties) and could expose ORPEA to non-compliance risk.

In addition, a lack of appropriate governance and a failure to standardise practices would constitute aggravating factors if a data protection breach were to occur.

Risk management

The Group's data protection policy (integrity, availability, traceability and confidentiality) was reinforced when the GDPR came into force in May 2018. A Data Protection Officer (DPO) responsible for managing all GDPR obligations Group-wide was appointed, who works with an international network of local DPOs.

In addition, a GDPR Steering Committee comprising members from several support departments monitors the deployment of the Group's roadmap and makes any necessary decisions.

The Information Systems Security department is responsible for ensuring the security of the infrastructures, systems and applications required for the Group's business. One of its main roles is to prevent intrusions, viruses and attacks by administering a suite of hardware and software dedicated to IT security and by regularly carrying out penetration tests.

As explained in more detail in the Non-Financial Statement (in Chapter 4), the Group's Data Protection and IT teams work closely together, particularly on the following:

- carrying out formal, joint reviews of new projects before they are launched in order to guarantee the protection of personal data right from the design stage (privacy by design);
- collating and noting all data processing operations in the appropriate registers and carrying out impact assessments;
- managing profiles and rights, paying particular attention to medical information;
- conducting awareness-raising and training campaigns (on topics such as phishing and password management);
- renewing the Group Data Center's ISO 27001 and Health Data Hosting certifications;
- handling security incidents.

The DPO also coordinates answers to requests relating to the exercise of data subjects' rights as well as responses to security incidents and personal data breaches.

3.1.3.4 RISK RELATED TO THE AWARD AND RENEWAL OF OPERATING LICENCES

Risk identification

A licence is required to operate a nursing home or medical facility in France and in most of the other countries where the Group operates. These licences are issued by the competent authorities in each country. The ease with which such licences can be obtained varies depending on the applicable national and regional regulations.

In some countries, such as France, Belgium and Austria, obtaining such licences is directly dependent on a quota of planned beds, whereas in other countries it is contingent on complying with architectural, safety, quality, staffing and other standards.

The crisis facing the Group and its stakeholders following the publication of a book containing allegations of wrongdoing could make it more difficult to obtain new licences.

Failure to obtain new licences could slow down the Group's business development, which would impact its financial position, results and outlook.

To maintain or renew their licences – which are granted either for a fixed or unlimited period – the entities concerned usually have to undergo service quality assessments and controls. Depending on the country, these procedures are carried out by either the national or regional supervisory authorities.

In countries where licences are highly regulated and limited by governments, the Group recognises the licenses as intangible assets and they are tested for impairment. The withdrawal or non-renewal of a licence could therefore result in the Group having to write down some of its assets.

At 31 December 2021, the Group's intangible assets – which mostly correspond to these licences – represented a total net value of €3,076 million. Any failure to comply with the applicable regulations could result in administrative closures and/or the withdrawal of operating licences.

The withdrawal or non-renewal of an operating licence is extremely rare and has never happened to the ORPEA Group in any of the countries where it conducts business. If an operating licence were to be withdrawn or not renewed, this could have adverse reputational, operational and financial impacts for the Group.

Risk management

The operating licences granted to the Group's facilities have never been jeopardised given the meticulous monitoring processes implemented by its various departments and support units (Quality department, Medical department, Operations departments, and Works, Procurement and Catering units etc.).

The quality procedures, which cover all subsidiaries and all stages of resident and patient care, as well as the care provision traceability approach implemented by the Medical department and the audits performed by the support units, help the Group to protect itself against the potential risk of operating licences not being granted or renewed.

Following the publication of a book containing allegations of wrongdoing, the supervisory authorities performed a large number of controls on the Group's French nursing homes, with some 180 inspections carried out in the space of two months. To date, no breaches serious enough to lead to the closure of a facility and/or the withdrawal of a licence have been identified during these inspections. The Group is now working hard to ensure that the injunctions imposed by the authorities are lifted and their recommendations are implemented as soon as possible.

Following the findings of the external and internal investigations, the Group also plans to revise and streamline its quality processes with a view to increasing ownership by its employees in the field.

3.1.3.5 RISK RELATED TO PRICING POLICIES

Risk identification

In some of the countries where the Group operates, the pricing applied by facilities has two components:

- a component that broadly consists of care and medical expenses, which is funded by the public authorities (national or regional health insurance system, national long-term care insurance etc.);
- a component covering accommodation and/or superior comfort levels (e.g. a private room), paid for by the resident or patient.

The portion paid for by the public authorities varies from country to country, and even from one region to another within the same country, but makes up less than 50% of total funding in most cases.

The portion paid for by patients and residents is deregulated in most countries, but increases – generally on a yearly basis – may be regulated and subject to an inflation-linked cap, at least for existing residents and patients. For new residents and patients, however, the pricing of this portion is generally not regulated.

Depending on the country, the portion of the Group's services that patients and residents pay for may increase if the public authorities reduce their reimbursement or funding levels or if private healthcare insurers reduce coverage or increase premiums. As a result, individual decisions to reduce personal spending or the risk of patients or residents having to pay higher private supplemental health insurance premiums could lead to reduced demand for comfort spending. A general decrease in prices could have an adverse effect on the Group's business, financial position, results and outlook.

Risk management

The Group is now present in 23 countries, so it has diversified its exposure to several healthcare systems by expanding its operations in countries such as Germany, Austria, Ireland and Switzerland where public funding is secure over the long term.

In addition, the Group has always focused on countries where a significant portion of its revenue is generated from private funding. In the event of a cut in public funding, the Group has a degree of flexibility because of the proportion of its funding that comes from private sources.

In some countries – such as Spain, Poland, Portugal, Brazil and China – the Group has developed a completely private offering and does not receive any public funding.

3.1.4 OPERATIONAL RISKS

3.1.4.1 RISK OF DAMAGE TO THE GROUP'S IMAGE

Risk identification

In view of the Group's activities, it has particularly significant exposure to the risk of its reputation being damaged by events for which it may or may not be responsible. This is all the more the case since the Covid-19 pandemic and the publication of a book containing allegations of wrongdoing that exposed the medical and social care sector as well as the Group to reputational risk.

The crisis faced by the Group and its stakeholders since the publication of this book has significantly impacted its image and activity levels in its nursing homes in France. It has also meant that the Group's access to the financial markets has been cut off and has slowed down its real estate asset disposal programme, therefore compromising its access to sufficient liquidity to finance its business and refinance its debt (see "Liquidity risk and risk related to raising additional funding"). At the date of this Universal Registration Document, the Group is not in a position to assess the potential medium or long-term impact of this crisis on its business, finances and employer brand.

Furthermore, the Group's image could be affected by public information relating to the existence, content or outcome of the investigations – particularly criminal investigations – launched as a result of (i) reports made or complaints filed by third parties, on the one hand, and/or (ii) the outcome of the complaint filed by the Group itself against unnamed persons, on the other hand, which could implicate the Group, its managers and its current or former employees.

Whether founded or not, the criticisms and allegations levelled against the Group could be amplified by the spread of information on social media.

Risk management

Following the publication of the above-mentioned book containing allegations of wrongdoing, the Group chose to respond in a totally transparent way with a view to staying true to its underlying values.

Aware of the highly sensitive nature of its activities, the Group pays particular attention to the quality of the services it provides. Its quality management system, described in more detail below, is based on a set of procedures, training measures and controls, as well as a clearly stated continuous improvement approach. The Group regularly puts in place action plans to ensure that its staff always act with compassion and to prevent all forms of mistreatment. Surveys to measure the satisfaction of residents/patients/families and staff are conducted and corrective action plans are implemented where required.

The Group has also launched training and awareness-raising initiatives related to its Code of Conduct which are applicable to all of its teams, as well as a whistleblowing system for employees and external stakeholders so they can report any suspected mistreatment or, more generally, any breach of the Group's ethical principles. The procedure for managing conflicts of interest was strengthened in March 2022 and, in April 2022, a freephone number was set up in France, as well as an Ethics Committee and a special surveillance body dedicated to monitoring situations of mistreatment.

A reputation watch system is in place that continuously monitors all types of media.

Lastly, depending on the content of information published in the media, the Group consults with its teams and legal counsel on whether to respond or take appropriate legal action.

3.1.4.2 RISK OF FRAUD AND INTERNAL CONTROL FAILURE

Risk identification

Fraud is defined as an intentional failure to respect the applicable laws and regulations or procedures which causes loss or damage for the Group.

It can include, for example, failure to comply with the Group's principles on ethics and the prevention of corruption and influence peddling (see "Risk of non-compliance with the Group's principles in terms of ethics and the prevention of corruption and influence peddling") or staff members misappropriating funds or assets for their personal use, with or without external collusion.

Fraud risk may be exacerbated if the Group's internal control system fails to detect certain types of fraud or is unable to cover certain staff members.

A failure in the Group's internal control processes could lead to serious consequences for patients and residents and also for the Group and its shareholders.

Potential failures in the Group's internal control system were highlighted by (i) the crisis faced by the Group and its stakeholders following the publication of a book containing allegations of wrongdoing, and (ii) the complaint filed with the public prosecutor by the Group against unnamed persons for past events and operations that could adversely affect ORPEA's best interests and which were discovered following internal investigations (see "Dispute, claims and litigation risk" above).

These potential failures have caused, are still causing, and could continue to cause, serious damage to the Group's image (see "Risk of damage to the Group's image") and consequently to its financial position (see "Liquidity risk and risk related to raising additional funding").

Risk management

The Group's internal control system has been integrated into the Group Standards which, for each key function, provide a common set of rules applicable to all of the Group's entities with a view to safeguarding its operations, facilitating the integration of its various entities, encouraging international collaboration and ensuring that best practices are harmonised within the Group. The Group Standards are updated regularly, most recently in 2021.

In view of the potential failures in the Group's internal control system, it is currently working on significantly strengthening its internal control and internal audit processes. Initial measures have already been implemented in recent weeks, including:

- strengthening the procedures for preventing and managing conflicts of interest; and
- actively promoting the Group's whistleblowing platform for employees and the new Code of Conduct – Ethics and Corporate Social Responsibility.

3.1.4.3 HUMAN RESOURCES RISK: DIFFICULTIES IN ATTRACTING, HIRING AND RETAINING EMPLOYEES, ESPECIALLY FOR IN-DEMAND JOBS (MEDICAL AND PARAMEDICAL)

Risk identification

This is the most significant human resources risk identified in the risk mapping process. Human resources issues are described in further detail in the Non-Financial Statement.

The quality, availability and commitment of employees play a key role in the Group's success. However, ORPEA operates in a sector that is marked, in many countries, by a shortage of qualified personnel, attributable especially to growing needs related to population ageing and the fact that working with the elderly can be perceived as an unattractive career choice.

At 31 December 2021, the Group had 71,676 employees, with 80% on permanent contracts. During the year, 14,219 people left the Group and 15,673 were hired. Staff ratios vary greatly from country to country and even from facility to facility, depending on the applicable regulations and the average dependency level of residents and patients. For example, in France, the ratio is around 70 full-time equivalents (FTE) per 100 residents in a nursing home and 95 FTE per 100 patients in a hospital facility as more medical personnel (doctors, nurses, physiotherapists, etc.) are required in hospital facilities.

If, despite its hiring campaigns and employer brand strategy, ORPEA is unable to identify, attract, train and retain skilled and responsible employees, this could significantly affect the care it provides, its business development and its results.

Similarly, the continuity of resident and patient care could be compromised if the Group has an insufficient number of qualified care staff. If a shortage of qualified care staff at a facility proves to be long-lasting and the operator fails to react to the situation, this could lead to a suspension of admissions at the facility and jeopardise the number of authorised beds, or even the facility's operating licence.

The risk related to hiring difficulties has been exacerbated by the crisis faced by the Group and its stakeholders since the publication of a book containing allegations of wrongdoing.

Risk management

To address these risks, the Group has strengthened its human resources management teams, both at corporate level and within each geographical area. It has also put in place action plans in order to:

- precisely define hiring needs by subsidiary and by profile, while taking into account development projects and the age pyramid;
- ensure the Group's job offers are visible by using the right media for the right needs as well as new means of communication (social media etc.);
- develop mobility, not only within the Group's different countries but also between different types of jobs; the aim is to build employee loyalty and retain talent within the Group by offering career development opportunities to those seeking them;
- proactively engage with schools and colleges in all countries in order to promote the Group and the jobs it offers, and help forward plan for hiring needs by taking on and training interns and work-study trainees;
- take part in recruitment initiatives such as job fairs, job dating, medical conferences etc. that target the most in-demand positions, especially in rural areas, and develop local initiatives with employment partners;
- implement and manage a proactive training policy, aimed at developing skills and retaining employees through numerous programmes such as specialised and value-building diplomas for the care teams in partnership with renowned universities, or language training for staff transferring abroad;
- launch projects that allow teams to bond and federate, to help create a motivating and engaging work environment;
- establish an employer-employee dialogue that is conducive to retaining staff.

3.1.4.4 INFORMATION SYSTEMS AND CYBERSECURITY RISK

Risk identification

Information systems play an important role in ORPEA's operations. If these systems become unavailable or malfunction, whether due to a failure of hardware or software solutions or because of a third party, human error or a malicious act, the Group's facilities and administrative offices could be prevented from operating effectively.

The Group, its suppliers and subcontractors are exposed to cybersecurity risks. Despite the security measures implemented by the Group, cybersecurity risk remains high because cyberattacks are becoming more diverse and complex and are happening with increasing frequency and more severe consequences. This risk is all the greater in view of the sensitive data (particularly personal data and medical information) that the Group handles due to the nature of its activities and which is essential for providing proper care to patients and residents.

Depending on the type of attack or information systems failure that it might suffer, the Group could face various consequences (such as personal data and/or medical and/or confidential information being lost or stolen, or resident and patient care being compromised) as well as the ensuing repercussions (failure of the main operational systems, inability to carry out daily tasks, etc.). Any system malfunction or shutdown or loss of data could have a major negative impact on the Group's business, financial position, results and outlook.

Risk management

The Group allocates a substantial investment budget to the Information Systems department and is committed to continuously improving its systems and infrastructure to effectively meet the needs of users and the Group as a whole. It has embarked on a process of upgrading its information tools and systems, notably by deploying shared international solutions.

On several occasions the Group has detected attempted malware intrusions into its IT system, although these did not have any significant impact on the continuity of its services.

To mitigate cybersecurity risks, the Group continuously adapts its detection and prevention measures. For example, it recently had to factor in the risks associated with remote working. Some of the main actions it takes to reduce cybersecurity risks are as follows:

- regularly upgrading security systems and processes;
- actively monitoring vulnerabilities;
- tracking incidents to ensure the security of the IT system and putting in place effective remedial measures;
- carrying out security audits to assess the effectiveness of existing measures;
- regularly conducting awareness-raising campaigns for all employees.
- The Group also has a Disaster Recovery Plan that has been formalised and is tested regularly. The purpose of this plan is to enable the most critical applications to restart within an acceptable time frame if a major issue arises that impacts the Group's systems.

The security of information systems is governed by the ISO 27001 standard and the Health Data Hosting (HDS) regulations, the Group's Data Center being both ISO 27001 and HDS certified.

3.1.4.5 RISK RELATED TO A FAILURE TO RESPECT THE RIGHTS AND DIGNITY OF VULNERABLE PEOPLE

Risk identification

The Group offers comprehensive care for people with all types of physical and intellectual dependency issues, on either a permanent or temporary basis. Patients and residents may have mental health problems, addictions or severe depression. In the context of these socio-demographics and due to the vulnerability of the people in its care, one of the Group's central ethical principles is to ensure that their dignity and rights are respected.

The different ways in which a failure in care or treatment could arise include:

- non-compliance with the applicable rules related to hygiene, seasonal epidemics or pandemics, which could cause a risk of infection that could affect patients or residents and also staff;
- non-compliance or misuse of a medical device;
- drug-related iatrogenesis;
- a patient leaving a health care institution or nursing home without the knowledge of staff;
- suicide or attempted suicide by a resident or patient;
- food chain problems.

Although the Covid-19 pandemic has eased since the second half of 2021, a future resurgence in cases cannot be ruled out. If infection levels were to rise, there could once again be an increase in patient or resident mortality and difficulties in recruiting staff, which would negatively impact the Group's financial position, slow down its business activity and lead to additional costs.

Furthermore, the Group's patients or residents may be victims of mistreatment or may feel that they have been mistreated. Mistreatment can result from intended or unintended negligence that is detrimental to the dignity, privacy and/or health of an individual.

Any actual or alleged mistreatment could damage the Group's reputation, incur civil and/or criminal liability and generate supplementary direct and/or indirect costs (compensation, legal advice, higher insurance premiums, etc.). If such an event were to occur on a significant scale, this could negatively impact the Group's image, business, financial position, results and development prospects.

Since the publication of a book containing allegations of wrongdoing, the Group's ability to respect its ethical commitments and guarantee the best possible care for its residents and patients has been called into question, which confirms the importance of this risk (see "Dispute, claims and litigation risk" above).

Risk management

The risks associated with medical care are vigilantly monitored within the Group's facilities. The management of these risks is notably based on:

- a set of procedures and protocols that is regularly updated in line with regulatory changes, best practices and feedback;
- regular team training and awareness-raising;
- a risk assessment of each patient or resident (falls, suicide, allergies, running away etc.);
- good traceability of care procedures;
- the provision of sufficient quantities of high-quality materials and equipment;
- internal and external audits and inspections;
- monitoring of medical and quality indicators by the Medical and Quality departments.

Self-assessments, audits, controls, incidents and indicators are analysed and corrective action plans are put in place where required.

Liability insurance has also been taken out at Group level.

Throughout 2021, the Group continued to deploy protocols and procedures in line with the development of the Covid-19 pandemic and the health authorities' recommendations. It also focused on informing and training staff and visitors about Covid-19-safe measures (providing reminders of good hygiene practices and implementing isolation protocols for infected patients and residents, etc.). In agreement with the local authorities, visits were limited in order to stop the spread of the virus, although steps were taken to ensure that social interaction was maintained, mainly through the deployment and use of new means of communication.

Also during the year, the Group continued to place orders for personal protective equipment, such as masks and hand sanitisers, to limit the spread of the virus as much as possible and to protect residents, patients and employees. At the same time, it set up psychological support units to help not only patients and residents but also its employees.

The dignity of vulnerable people is a core ethical principle for ORPEA and it has put in place a Group-wide framework of best practices related to this issue. It also provides training to its front-line teams to effectively prevent and manage the related risks.

The values essential to respecting the dignity of residents and patients are set out in the Group Code of Conduct and the ORPEA quality charters.

The Group has also deployed a preventive and corrective protocol for mistreatment in all of its facilities.

A whistleblowing platform is available for reporting any breaches of the principles set out in the Code of Conduct.

As part of its CSR objectives for 2023, the Group has undertaken to select, appoint and train a positive treatment and/or ethics correspondent in each facility to ensure that best practices are implemented in all of its facilities (compared with the 44% at end-2021). This correspondent will work closely with residents, patients and their relatives as well as with the facilities' staff.

One of the roles of the International Scientific and Ethics Council is to support and promote a dynamic culture of clinical ethics within the Group. Each facility can refer matters to the Council or raise questions about a resident's or patient's care, particularly if the situation concerns positive treatment or clinical ethics. For 2022, the Group has set the following objectives: (i) help create and coordinate national Ethics Committees, (ii) continue to appoint, train and support ethics correspondents within the Group's facilities, and (iii) set up a hotline or mobile unit to provide real-time assistance for teams faced with an ethics-related situation and support families seeking advice about ethics issues.

Since the publication of the above-mentioned book, the Board of Directors has unanimously approved a number of structural changes within the Group, in particular:

- putting in place a major improvement and transformation plan, to be deployed with priority in France and focused on four main areas, including the quality of care and the well-being of residents;
- creating a helpline and an external mediation system;
- setting up an Ethics Committee in France;
- reviewing and streamlining quality processes, including ensuring that material adverse events are systematically reported.

3.1.4.6 RISK RELATED TO FACILITY SAFETY CONDITIONS

Risk identification

Keeping the people in its care physically safe is a pre-requisite for any medical facility or nursing home. Each country, or sometimes even region, has different, strict building standards and obligations, and has put in place compulsory external controls concerning the safety of premises that host the public, particularly vulnerable people.

At 31 December 2021, there were no serious safety-related incidents in any of the Group's facilities.

Risks relating to the safety of premises may arise in different ways:

- non-compliance with regulations applicable to facilities open to the public;
- contamination of hot water, which may lead to health issues such as Legionnaires' disease;
- non-potable water;
- inability of infrastructure to guarantee optimal protection against climate-related risks (e.g., heat waves, floods etc.);
- fire.

Despite the measures put in place, which are described in more detail in the Non-Financial Statement, these risks could have an adverse effect on people's health and on the reputation and continuing operation of the facility concerned, and on the Group's image, financial position, results and outlook.

Risk management

The Group takes great care to ensure that its facilities comply with safety standards, that regulatory changes are closely monitored and that its facilities and their equipment are properly maintained.

Each country has a Maintenance department or team responsible for putting in place and monitoring all building safety and maintenance operations. This is underpinned by:

- an investment policy for maintenance and regular upkeep;
- a prevention policy implemented through team training and preventive and corrective maintenance operations;
- internal and external audits of sites and their compliance with administrative and safety procedures.

Specific risks such as Legionnaires' disease, non-potable water and fire are managed in accordance with applicable local regulations and Group best practices (protocols, maintenance, training, etc.).

3.1.5 FINANCIAL RISKS

3.1.5.1 LIQUIDITY RISK AND RISK RELATED TO RAISING ADDITIONAL FUNDING

Risk identification

At 31 December 2021, the Group's gross debt was €8.862 billion and it had €952 million in cash and cash equivalents. Its debt ratios, restated for the impact of IFRS 16, were (i) financial leverage restated for real estate assets: 3.7x (5.5x authorised), and (ii) restated gearing: 1.7x (2.0x authorised). The contractual repayment schedule for this debt was €1,856 million for 2022 and €983 million for 2023.

The Group's debt at 31 December 2021 breaks down as follows:

(in millions of euros) (IFRS)	31 Dec. 2020	31 Dec. 2021
Net debt	6,654	7,910
Gross debt	7,542	8,862
o/w due in less than one year	*1,056*	*1,856*
Cash and cash equivalents	889	952
Lease commitments under IFRS 16	2,987	3,265
o/w due in less than one year	*266*	*297*

The crisis faced by the Group since the publication of a book containing various allegations of wrongdoing on 26 January 2022 has had a major impact on its refinancing capacity.

This crisis has had the effect of closing off the Group's access to the financial markets and slowing down its real estate disposal programme, thereby compromising its access to sufficient liquidity to finance its operations and refinance its debt. It has therefore reviewed its current and future development projects and decided to stop, postpone or suspend them as appropriate.

On 13 May 2022, the Group announced that it had signed an agreement in principle with its core banking pool securing the financing of the Group as part of a conciliation procedure. The terms of this agreement were included in the conciliation protocol approved by the Nanterre Commercial Court on 10 June 2022 and in the loan agreement signed with the banks on 13 June 2022.

The €1.733 billion overall syndicated loan granted to the Group includes:

- medium-term financing maturing in December 2025, in order to (a) provide €600 million in new money to the Group and (b) finance €233 million in repayments of existing debt; and
- €900 million in short-term financing, consisting of several tranches maturing in December 2023 (€700 million) and June 2023 (€200 million), with the option to extend each of these two maturities by 6 months.

As part of the agreed financing plan, the Group has undertaken to:

- maintain a cash level of at least €300 million, to be tested quarterly as from June 2023;
- carry out more than €2 billion worth of asset disposals by the end of 2025, including at least €1 billion by the end of 2023, mainly real estate asset disposals;
- comply with restrictions related to (i) external growth, (ii) granting collateral or other security interests and (iii) taking out any additional debt associated with the assets pledged as security by the Group.

As security for the financing provided, the Group has pledged the shares of its subsidiaries CLINEA and CEECSH (representing 25% and 32% of the Group's revenue, respectively). Following certain reorganisations to be carried out within the Group, the pledges will be over shares in CLINEA France and the Group's business in Germany, representing 25% and 16% of consolidated revenue, respectively.

There is a risk that the Group may not be able to comply with its undertakings to keep a minimum level of cash and carry out asset disposals. Any failure to meet those commitments would constitute an event of default.

In such a case, the lenders could enforce the security interests granted to them, which would affect assets that are substantial for the Group and could have significant consequences on its financial position, business and development.

In addition, the Group's commitment to carry out asset disposals (mainly real estate disposals) within a limited time period could mean that it may have to sell the assets at a lower-than-expected price, which could require the Group to recognise impairment losses on the assets concerned.

The cost of this new financing is also higher than the average cost of the debt usually taken out by the Group, which will increase the Group's financial expenses and could have an impact on its profitability and results.

At the same time, the Group's existing debt at 31 December 2021 is subject to covenants, including requirements to:

- maintain a certain level of assets free of any security interests, depending on the amount of the loan concerned;
- comply with debt-to-EBITDA and debt-to-equity ratios;
- provide asset-backed guarantees.

Although the Group has never defaulted on any of its covenants and continues to scrupulously comply with all of its obligations under its existing financing arrangements, these various covenants would restrict its capacity to take on debt if new difficulties were to arise, and any failure to comply with them could constitute an event of default which could affect the Group's financial position, results and outlook.

The Group has also negotiated an optional syndicated term loan for up to €1.5 billion, open in priority to the lenders participating in the short- and medium-term financing described above. This optional syndicated loan would be used to refinance the unsecured bank facilities.

If the Group fails to restore its image and financial position, it could continue to experience difficulties in obtaining financing, which could jeopardise its results and its ability to pursue its business.

Risk management

The above-described new financing obtained and asset disposal plan will provide the Group with liquidity until 2025 and should enable it to make the scheduled repayments on its existing debt in 2022 and 2023.

In connection with its obligations under the €1.733 billion syndicated loan, the Group has decided to revise:

- its financing strategy, which is now based on an objective of gradually deleveraging, assuming that it obtains the financing it needs each year to cover the contractual repayments on its existing debt;
- its real estate strategy, which is now based on a reduced portfolio of operating real estate assets, through the disposal of mature assets or assets under development.

3.1.5.2 INFLATION RISK

Risk identification

Since mid-2021, the global economy has seen a return of inflationary trends, which firmly took hold and intensified in early 2022 with the outbreak of the conflict in Ukraine and another lockdown ordered in China.

The Group's operating profitability will be significantly affected by this inflationary environment, particularly due to the pressure on energy and food prices and on wages.

Additionally, the cost of investments in and renovation of the real estate owned or leased by the Group could be affected by a sharp increase in the price of raw materials in the global market or by interruptions in the supply chain, which could drive up costs of some construction projects prior to their delivery, as well as maintenance and upkeep costs.

Lease payments will also be affected by this inflationary environment as a result of indexation clauses and when leases are renewed. In 2021, lease payments on the Group's non-owned real estate represented approximately 9% of its revenue. This proportion will increase in the coming years in view of the commitments made by the Group to dispose of real estate assets as part of its deleveraging strategy (see "Liquidity risk and risk related to raising additional funding").

Risk management

The Group's procurement policy is designed to anticipate price increases through forward-looking purchase management and controlled monitoring of consumption of both consumables and raw materials.

The Group has strengthened its construction teams, giving it new negotiating levers in the choice of its suppliers of raw materials and construction works, while enabling it to tighten control over costs and construction lead times.

Lease payments on non-owned properties are controlled through a proactive policy for managing existing leases and forward planning lease expiry dates.

The shift towards holding fewer real estate assets will take place primarily through sales to major investors who are already partners of the Group, so that the Group can have preferential conditions.

In relation to the prices paid to the Group's facilities, as described above, the portion paid for by patients and residents is deregulated in most countries, but price increases – which are generally annual – may be regulated, subject to an inflation-linked cap, at least for existing residents. For new residents and patients, however, the pricing of this portion is generally not regulated (see "Risk related to pricing policies").

3.1.5.3 INTEREST RATE RISK

Risk identification

At 31 December 2021, the Group's debt net of cash broke down as follows by maturity and by fixed and floating rate:

(in thousands of euros)	31 Dec. 2021	Fixed rate (after hedging)	Floating rate (after hedging)
Bond debt	2,106	2,106	0
Finance leases	875	875	0
Bridging loans	551	551	0
Other debt	5,330	4,893	437
Cash and cash equivalents	(952)	(952)	0
TOTAL NET DEBT	**7,910**	**7,473**	**437**

The Group's debt structure is mainly composed of domestic floating-rate debt. The €1.733 billion secured syndicated loan to be granted to the Group will bear interest at Euribor plus a margin.

The Group is therefore exposed to the risk of interest rises in the euro zone. Although after hedging, the majority of its debt is at fixed rates, the cost of hedging could increase, which could impact the Group's financial position and results.

Lastly, the value of the Group's existing assets could be negatively affected by a rise in interest rates which would in turn adversely impact the yields expected by investors. This could have a negative effect on the valuation of real estate assets in the Group's consolidated financial statements.

Risk management

The Group's strategy is to hedge a major portion of its consolidated net debt against interest rate risk. To that end, it uses a portfolio of financial instruments in the form of (i) interest rate swaps, under which it generally receives interest at the three-month Euribor and pays a fixed rate specific to each contract, and (ii) interest rate caps.

At 31 December 2021, the notional amount of interest rate hedges used by the Group was €3,523 million.

Analysis of sensitivity to fluctuations in interest rates

The impact of a +/-1% shift in the yield curve on the Group's earnings would affect:

- the amount of interest payable on floating-rate debt;
- the fair value of derivatives.

The fair value of derivatives is sensitive to changes in the yield curve and volatility trends. Volatility is assumed to remain unchanged for the purposes of this analysis.

At 31 December 2021, net debt amounted to €7,910 million, with approximately 45% at contractually fixed rates and the remainder at floating rates.

Including the impact of hedges:

- a 1% (100 basis point) rise in the yield curve would increase the Group's financial expense by €2.6 million (before tax and capitalisation of financial expenses);
- a 0.10% (10 basis point) decrease would increase the Group's financial expense by €2.4 million.

3.1.6 RISKS RELATED TO THE CONSTRUCTION AND MAINTENANCE OF REAL ESTATE ASSETS

Risk identification

Building future facilities and ensuring the maintenance of existing real estate assets are strategic priorities for the Group.

The risks in this domain that ORPEA could be exposed to include:

- difficulty in finding new locations that meet the Group's criteria;
- reluctance of the relevant authorities to grant the Group permits for new projects;
- operational delays due to not obtaining administrative permits (e.g., third-party objections);
- design of premises unsuited to operational needs;
- construction costs for a project exceeding the preliminary assessment (see "Inflation risk" above);
- longer than estimated construction lead times (including procurement difficulties in the current context);
- technical difficulties (default by subcontractors, inclement weather, etc.);
- deficiencies in the maintenance and refurbishment of buildings leading to the ageing and disrepair of real estate assets;
- non-compliance with environmental standards;
- non-compliance with regulations related to building safety:
- lack of climate resilience of real estate assets.

Any inability by the Group to meet the construction and maintenance objectives for its real estate assets could have a significant negative impact on its business, financial position, results and outlook and on the value of its real estate.

Risk management

The Group has strengthened its dedicated and specialised development, construction and maintenance teams.

Audits are carried out prior to real estate acquisitions and projects are validated by the Development Committee.

In order to limit construction risks and ensure that real estate meets the Group's operational requirements, building permit projects are prepared by the construction teams with the help of external architects and in close collaboration with the Group's operations staff and the local authorities' administrative departments.

The Group regularly monitors the progress of each construction project to ensure that lead times, costs and quality are effectively managed. Weekly meetings are held and "milestone" visits carried out with the management team in order to deal with any technical concerns. Shared monitoring tools have also been put in place to track the progress of these projects and deploy the necessary measures in the event of any problems.

In addition, specific insurance policies (comprehensive jobsite insurance, builder's liability insurance etc.) are taken out for all construction works.

Maintenance risk is managed by the local Maintenance departments in each of the Group's host countries and by the on-site teams (see "Risk related to facility safety conditions").

3.2 Internal control

3.2.1 SCOPE AND OBJECTIVES OF INTERNAL CONTROL

Internal control is a system designed to provide reasonable assurance that:

- the strategies set by Executive Management are executed;
- the applicable laws and regulations are complied with;
- internal procedures and protocols are applied effectively and efficiently;
- controls intended to manage and mitigate risks are understood and applied across the Group, and appropriate actions are implemented;
- precautions are taken to protect people (residents, patients, employees, etc.), assets and the Group's reputation;
- information produced is reliable, comprehensive and of a high quality, including financial and accounting information.

The internal control system – rolled out in all countries – therefore contributes to the effective management of the Group's activities, the safety and effectiveness of its operations and the efficient use of its resources, by establishing a control environment that is adapted to its businesses. This control environment – which is based on rules, procedures and charters drawn up at both Group and local level – provides a framework for a structured organisation aimed at safeguarding operations and reacting swiftly and effectively if material adverse events occur.

3.2.2 CONTINUOUS IMPROVEMENT OF INTERNAL CONTROL

The internal control system needs to be adapted and enhanced over time in light of the lessons learned from internal and external audits, attempted and actual fraud and any wrongdoing in its operations, as well as in line with changes in the legal and regulatory environment.

The internal control system is underpinned by a risk analysis performed yearly in order to draw up an internal control plan which enables the Group to take action to mitigate any major new identified risks. For example, in 2021, the Group:

- mapped its corruption risks in 19 countries which resulted in a number of action plans;
- held workshops for the purpose of revising its Group Standards (see definition below), which were organised in conjunction with members of the support functions concerned with a view to clarifying and fine-tuning the rules and encouraging greater ownership of the Standards by the teams in the Group's various geographical areas.

Following the publication on 26 January 2022 of a book containing allegations of wrongdoing, the Group was subject to a joint investigation in France carried out by the General Inspectorate for Finance and the General Inspectorate for Social Affairs. The Board of Directors subsequently commissioned Grant Thornton and Alvarez & Marsal to conduct an independent review of the allegations. The Group will use the findings of these external and internal investigations to strengthen its internal control system. Initial steps have already been taken in this respect, such as strengthening the prevention and management of conflicts of interest and actively promoting the whistleblowing platform for employees and the new Code of Conduct – Ethics and Corporate Social Responsibility.

3.2.3 MAIN INTERNAL CONTROL PARTICIPANTS

3.2.3.1 EXECUTIVE MANAGEMENT

Executive Management designs and implements the internal control and risk management systems and is responsible for the quality of those systems. It assesses those systems on a continuous basis and ensures that any necessary corrective measures are effectively taken.

Executive Management is required to communicate all relevant information to the Board of Directors and the Audit Committee in a timely fashion so that they can properly perform their internal control work.

3.2.3.2 THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the effectiveness of the internal control, internal audit and risk management systems, as well as for reviewing the individual and consolidated financial statements and their verification by the Statutory Auditors. It monitors issues relating to the production and audit of accounting and financial information, in order to prepare the decisions of the Board of Directors on financial and accounting matters and to enable the Board to meet its legal and regulatory obligations.

The Committee reports to the Board on its internal control and risk management work, which the Board then reviews. The Board of Directors approves the individual financial statements and the annual and half-yearly consolidated financial statements based on recommendations issued by the Audit Committee.

The Audit Committee's role and responsibilities are described in Chapter 5 of this Universal Registration Document.

3.2.3.3 AUDIT, RISK AND COMPLIANCE DEPARTMENT

This department – which reports directly to the Secretary General and on a dotted-line basis to the Audit Committee – is structured around two units: permanent control and periodic control.

The permanent control unit works on identifying and preventing risks as well as on the design of the internal control system. It has four main sub-units:

- risk management, in charge of preparing and coordinating various risk mapping exercises;
- internal control, responsible for formalising and coordinating the internal control system;
- compliance, tasked with ensuring that the Group complies with its legal and regulatory obligations, particularly those related to combating corruption and influence peddling;
- data protection, in charge of ensuring that the Group complies with its obligations related to processing personal data.

The permanent control unit is supported by centralised teams at the Group's headquarters and also has a network of local correspondents in the Group's various geographical areas. These correspondents are responsible for adapting the Group's principles to specific local requirements and for monitoring the implementation of the internal control system.

The periodic control unit corresponds exclusively to internal audit and is responsible for ensuring that the internal control system is effective and that risks are mitigated within all Group entities. It may also recommend improvements to limit risk exposure.

The Company has filed a complaint with the French public prosecutor against unnamed persons for past events and operations – totally unrelated to the living and care conditions of residents – that could constitute fraud. This situation was discovered following internal investigations and could call into question ORPEA's best interests.

Internal measures were immediately taken to remove the persons allegedly involved in these events and operations and to strengthen the Group's internal control procedures.

3.2.3.4 FINANCE DEPARTMENT

The Group Finance department is responsible for producing the financial statements, ensuring compliance with tax legislation, assisting operations staff with establishing and monitoring key performance indicators, and managing the Group's liquidity, cash and financing.

Its role and responsibilities are described in more detail in section 3.2.5 below.

3.2.3.5 QUALITY DEPARTMENT

The Group Quality department defines the Group's quality policy and ensures that it is implemented and monitored within all of its facilities. It works closely with the local Quality departments in the Group's various geographical areas, which are responsible for adapting quality and operational risk management procedures to the specific requirements of local business lines and regulations.

These local teams provide support to the Operations departments and facilities with the methodology for putting in place and monitoring quality procedures. They also help the facilities to obtain certification and with internal and external quality assessments. To that end, they adapt and develop assessment and monitoring tools and provide training, and they also conduct on-site audits.

3.2.3.6 LEGAL DEPARTMENT

The Group Legal department advises and assists Executive Management and all the Operations and Support departments with safeguarding the Group's interests and assets from a legal perspective. More specifically, it is tasked with identifying legal risks and optimising the management of those risks. It is also responsible for ensuring compliance with the legal and regulatory obligations applicable to each of the Group's businesses and in each of its geographical areas, assisted by local legal counsel when required. The department is divided into three units:

- the Operations – Contracts – Intellectual Property unit (disputes, claims and litigation management, contract signatures and terminations, etc.);
- the Real Estate unit;
- the Corporate Law and M&A unit.

3.2.3.7 OTHER CORPORATE SERVICES

In addition to the above-mentioned departments, the Group has other corporate services which help draw up guidelines applicable to all Group entities, assist the local teams in the various geographical areas with implementing those guidelines, and monitor, validate and/or control certain aspects of those teams' work. These corporate services mainly correspond to:

- the Medical department (quality of care, safety of the medication circuit, etc.);
- the Procurement and Catering department (menu organisation, nutrition, food hygiene, maintenance of kitchen equipment, etc.);
- the IT department (provision of secure and business-specific infrastructure and tools, cybersecurity management, backup plans, etc.);
- the Human Resources department (hiring, human resources development, employee relations, administrative management, etc.);
- the Construction department (design of ergonomic buildings that meet the Group's environmental and quality standards, monitoring construction in terms of budget, schedule, quality and CSR, with a particular focus on site safety, etc.);
- the Transactions and M&A department (analysis of all greenfield development or acquisition projects, review of due diligence procedures, organisation of Development Committee meetings, etc.).

3.2.3.8 THE MAIN DEPARTMENTS IN THE GROUP'S GEOGRAPHICAL AREAS/BUSINESS UNITS

Local managers are responsible for safeguarding the activities within their remit and must therefore ensure that the appropriate control system is in place. The headquarters of the geographical areas/Business Units also have their own support services such as finance, quality, catering, human resources and IT, whose role includes supporting, safeguarding and controlling operations.

3.2.4 CROSS-FUNCTIONAL INTERNAL CONTROL SYSTEM APPLICABLE TO THE GROUP

The system described below corresponds to the system in place as at 31 December 2021.

As a result of the publication on 26 January 2022 of a book containing allegations of wrongdoing and the internal and external investigations following this publication, as mentioned several times above, the Group launched a process to strengthen its internal control system. Initial measures have already been implemented in recent weeks, including:

- strengthening the procedures for preventing and managing conflicts of interest; and
- actively promoting the Group's whistleblowing platform for employees and the new Code of Conduct – Ethics and Corporate Social Responsibility.

3.2.4.1 CONTROL ACTIVITIES

Control activities, which are carried out at every tier of the organisation, aim to safeguard operations and to enable the Group to achieve its objectives while accepting a tolerable level of risk. They are conducted on the basis of the procedures and operating methods in place.

3.2.4.2 INTERNAL RULES AND STANDARDS

The Group Standards

In 2020, ORPEA drew up a set of Group Standards, which, for each of the Group's key functions (operations, medical, quality, catering, human resources, finance, procurement, IT, legal, compliance, risks, etc.), define a common set of rules applicable to all entities in order to safeguard its activities, facilitate the integration of its various entities, encourage international collaboration, and harmonise best practices within the Group.

The Group Standards were developed jointly by the business lines, the Internal Control department and the Corporate Secretary's office.

Quality procedures

In accordance with the quality requirements in the Group Standards, each country has a set of quality procedures. Wherever possible, the same quality procedures and tools apply to all facilities in each country.

The procedures cover a range of events that could affect the safety of residents, patients and employees, as well as the Group's proper functioning, performance and/or reputation. They contain preventive and remedial measures together with actions for managing such events.

They are reviewed whenever deemed necessary (e.g., in the event of a regulatory change) and at least once a year, by the local Quality department in conjunction with the Operations department and the support departments concerned, in order to incorporate any required amendments as part of a continuous improvement policy. Facility directors are systematically informed of any updates, with training provided where required, and must confirm that the procedures are being applied in the facility for which they are responsible.

When a new facility or group of facilities is acquired, the quality teams of the geographical area concerned and/or the Group work closely with the local country-level quality teams in order to implement and deploy the Group's rules and best practices in the new facility or facilities concerned.

3.2.4.3 MAIN CONTROL BODIES

In addition to the Board of Directors and its various Committees (described in Chapter 5 of this Universal Registration Document), the Group has set up several bodies whose roles are (i) to ensure that the business is properly and smoothly run, and to monitor that the Group's rules – both its operational rules and those for safeguarding its activities – are being effectively applied, and (ii) draw up any necessary remedial action plans. The main committees responsible for these roles are:

- **The Quality Committee**, whose meetings are held at geographical area or Business Unit level and which relays best practices within the facilities and verifies that they are being effectively applied. This committee also addresses any implementation difficulties encountered by operations teams and proposes solutions to ensure that targets are met. It analyses the main quality indicators (complaints, material adverse events, satisfaction surveys, etc.) and also studies ways of developing and improving internal control tools.
- **The Operations Committee**, whose meetings are held at geographical area or Business Unit level, and which reviews all matters relating to the running of that geographical area or Business Unit. In particular, it carries out progress reviews on current and future action plans, training programmes, quality and budgets.
- **The Business Review Committee**, whose meetings are held at Group level and cover each geographical area. This committee reviews the current situation of the Business Units in the geographical area that fall within the scope of the meeting, as well as their key figures and the main difficulties encountered. It also takes decisions on matters that require Group-level authorisation, in accordance with the rules set out in the Group Standards.
- **The Development Committee**, whose role is to validate development projects (building new facilities, acquisitions or restructurings). This committee's meetings are attended by Executive Management and representatives from the Group Finance, Construction, and Transactions and M&A departments, as well as representatives (generally the CEO, CFO and Head of Development) of the geographical area or Business Unit concerned. Where required, the Development Committee may invite representatives from other departments to attend its meetings, such as the Operations, Legal, Medical and Compliance departments.

3.2.4.4 CRISIS MANAGEMENT AND BUSINESS CONTINUITY PLANS

A crisis management plan is in place that outlines the instructions for activating crisis units both at the Group and local levels. Each facility also has a business continuity plan (BCP) detailing all the incidents, accidents or disasters that could affect that facility and the actions that should be taken if such events occur.

The crisis management plan rounds out the BCP by cataloguing all the human resources, equipment and logistics that would be necessary in the event of a health crisis and explains how to set up a crisis unit. These plans are submitted to the relevant authorities, where required, and are verified and controlled by the Operations departments and the Quality department.

3.2.4.5 PROCESS FOR HANDLING MATERIAL ADVERSE EVENTS

The Group has a procedure for handling material adverse events which states that all facility directors must systematically inform the regional director immediately if a material adverse event occurs. The regional director must then inform the head of the geographical area/Business Unit and the information is then passed on to the Group (Operations, Quality, Communications department, etc.). This procedure will be reviewed as part of the measures to revise and streamline the quality processes as mentioned above, and in response to the observations contained in the report of the IGAS and IGF joint investigation.

3.2.4.6 ASSESSMENTS AND AUDITS

Internal audit assignments

The internal audit division of the Group Audit, Risk and Compliance department is responsible for ensuring that internal control procedures are effectively applied such that they cover the risks to which the Group is exposed. Internal audit assignments are therefore conducted by the Group's internal audit teams in all of its geographical areas and Business Units. The auditors use a methodology that complies with the standards of the profession and they act within the framework of the Internal Audit Charter approved by the Audit Committee.

The audit plan is drawn up based on the risk map and dialogue with the members of the Group Executive Committee. This plan is presented to the Audit Committee, which approves it annually, prior to its implementation. It usually includes different types of engagements: general audits, specific audits, thematic reviews or special engagements.

Facility assessments

Throughout the year, each facility carries out self-assessments based on pre-defined criteria set by the Quality and Operations departments. The results of these self-assessments provide input for the half-yearly audits of facilities carried out by the Regional directors aimed at ensuring that residents and patients are cared for properly at all times and that the care provided is in line with the Group's quality policy.

The results of these self-assessments and audits are then compiled into a report once every six months, which enables the geographical areas, Business Units and the Quality department to check that the control processes are being systematically applied and to identify any failure to comply with best practices. If any such failures are identified, a remedial action plan is drawn up and implemented.

The support departments (Quality, Care/Medical, Catering and Maintenance departments) also carry out random assessments within the facilities.

The information obtained and conclusions drawn on the basis of these assessments help shape changes in the Group's quality policy.

Lastly, the buildings used by the Group's facilities are regularly audited to ensure compliance with health and safety procedures for residents, patients and employees and the proper maintenance of buildings and equipment.

External assessments and certifications

In France, nursing homes and hospital facilities are subject to external assessments (certification), conducted under the authority of the *Haute Autorité de santé* (HAS), an independent public scientific authority. These assessments are carried out once every five years for nursing homes and once every four years for hospital facilities. Outside France, the Group is subject to other types of certification depending on the applicable local regulations. The assessments required for these certifications are either based on recognised international reference frameworks such as ISO or on industry standards imposed by the authorities of the country in question.

The Group regards these assessments as an additional opportunity to analyse how well its operations are performing based on an objective, rigorous and impartial approach and thanks to the external views provided by the assessors.

Satisfaction surveys

Satisfaction surveys are carried out annually at nursing homes to gauge how the residents and their families feel about the quality of care provided and about the way the facilities are being run. These surveys – which are given to all of the residents in residence at the time of the campaign, as well as to their families – add to the information provided by the facility assessments and help the Group put in place the necessary measures for continuous quality improvement. The survey results are presented to the families and the nursing home employees at information meetings.

Similarly, in the case of hospitals, patients are asked to complete a satisfaction survey during and/or at the end of their stay.

3.2.5 SPECIFIC INTERNAL CONTROL FRAMEWORK FOR PREPARING AND PROCESSING FINANCIAL AND ACCOUNTING INFORMATION

3.2.5.1 PARTICIPANTS IN THE FINANCIAL REPORTING PROCESS

Group Finance department

The Group Finance department has two main tasks:

- preparing the Group's financial statements and financial information; and
- managing liquidity, cash and financing.

It is therefore responsible for:

- defining the accounting, financial and management principles and procedures to be rolled out in the Group's various geographical areas and entities; and
- ensuring the quality and fairness of the financial information of the Group, ORPEA SA and its subsidiaries.

It is also in charge of selecting and deploying the systems underlying the key processes (consolidation, treasury, etc.).

Lastly, it is responsible for managing the budget process and monitoring operational performance.

The Group Finance department comprises the following units: financial control, consolidation, management control, treasury and tax.

The Finance departments of the geographical areas and/or Business Units

The local Finance departments are organised by geographical area and/or Business Unit. They are responsible for preparing the local accounts and financial statements, cash management and monitoring operational performance in accordance with the principles set by the Group.

The local Finance departments report directly to the local Executive Management teams and on a dotted-line basis to the Group Finance department.

3.2.5.2 PROCESS OF PREPARING ACCOUNTING AND FINANCIAL INFORMATION

Year-end reporting

The Group Finance department is responsible for preparing the consolidated financial statements based on the financial statements for each of the legal entities and the consolidation packages prepared by the geographical areas and/or Business Units. The Navision system is used in many of the Group's geographical areas and/or Business Units.

Quarterly consolidated financial statements are prepared in the HFM software, with the process supervised by the Group consolidation unit. Only the interim and annual consolidated financial statements undergo a limited review and audit, respectively, by the Statutory Auditors.

The financial reporting process also involves all the accounting teams both in France and outside France. The work conducted consists of verifying compliance with the statutory and regulatory requirements and confirming that the accounting principles and standards are applied properly. The process is split into three main stages:

1. prior to the period-end date, a schedule of the key dates of the process is drawn up and sent to the various participants;
2. in the month following the close of the financial year, each geographical area or Business Unit prepares its consolidated financial statements in HFM and sends them to the Group consolidation unit;
3. the consolidation unit prepares the Group's consolidated financial statements in HFM.

The Group Finance department constantly monitors the application of changes in accounting standards, tax law and new statutory and regulatory requirements. To help with its decision-making on technical issues, it may also obtain assistance from other corporate departments or external advisors. ORPEA stays in regular contact throughout the year with its Statutory Auditors, and it may consult them on certain specific technical issues, if the need arises.

3.2.5.3 BUSINESS AND FINANCIAL PERFORMANCE MONITORING SYSTEMS

Operational management control

The reporting system for the various business indicators is used to continuously and consistently track performance trends at each of the Group's facilities.

The budget is put together based on dialogue between the Operations department and management control. After validation, it serves as a roadmap for each facility.

A budget tracking document is prepared on a monthly basis in order to monitor trends in revenue and operating expenses. It also provides a basis for carrying out a monthly analysis of the financial information related to operations. This document is given to the management of the geographical areas and/or Business Unit prior to Operations Committee meetings, during which any requisite action plans are drawn up, with input from technical managers at local headquarters (medical, employee relations, procurement, catering and construction).

The occupancy rate of all facilities is tracked in real time via an intranet, which compiles all the data once a day.

Real estate management control

The real estate management control team is responsible for valuing the real estate portfolio and monitoring the related indicators, in conjunction with renowned international external firms which carry out their own valuation once a year.

3.2.5.4 THE STATUTORY AUDITORS

The Statutory Auditors review and audit the accounting information and financial statements of ORPEA SA and its consolidated subsidiaries. This takes the form of:

- a limited half-year review for ORPEA SA and its major subsidiaries;
- an audit at the financial year-end.

A letter of representation, signed jointly by the Chief Executive Officer and the Group's Chief Financial Officer, giving undertakings concerning the quality, reliability and completeness of the financial information, is given to the Statutory Auditors at the end of each reporting period.

The Statutory Auditors certify the financial statements after examining them and the methods used to prepare them.

3.2.5.5 FINANCIAL COMMUNICATION

Executive Management has direct responsibility for financial communication.

The published annual and half-yearly financial information is approved for issue by the Board of Directors. The Chief Executive Officer is responsible for quarterly revenue releases.

A calendar for the publication of financial information is drawn up by the Group each year and is made available to the public and updated where required during the course of the year.

The investor relations and financial reporting website (www.orpea-corp.com) contains all the information available for investors, including presentations given to the financial community, press releases and regulated information.

Twice a year, Executive Management gives a presentation of the Group's results to the financial community.

Switzerland
Senevita Residence, Müllibach.

The Non-Financial Statement presents the ORPEA Group's corporate social responsibility (CSR) strategy in accordance with the regulatory requirements (Article L. 225-102-1 of the French Commercial Code) on the publication of non-financial information.

This Statement outlines the Group's principal non-financial risks and the policies it has implemented to address them including the results obtained for each of these policies. This chapter also presents the Group's ambitious policies and initiatives, in addition to the main risks identified.

4. Non-Financial Statement

Launch of IMPROVING TOMORROW BY ORPEA

This corporate project is structured around five programmes in line with the Group's CSR roadmap. It is based on quantified objectives focused on the Group's main challenges, namely:

- the well-being of residents, patients and staff;
- training, career development, inclusion and diversity;
- controlling the environmental footprint;
- building a more sustainable and inclusive world through preventive health measures, research, innovation and solidarity.

E for Environment

- Assessing the Group's **Scope 1, 2 & 3 carbon emissions.**
- **Committing to a reduction in Scope 1 & 2 emissions** of 17% by 2025 and 31% by 2030, in line with the Paris Climate Agreement.
- Considering the possibility of joining the **Science-Based Targets initiative**.
- Introducing the **Group's environmental and sustainable building strategy**, taking into account the first principles of the Green Taxonomy for climate change mitigation and adaptation.
- Joining the ***Convention des Entreprises pour le Climat* (CEC),** a coalition of 150 French companies of all sizes seeking to make a joint commitment and **take action on climate change.**
- Conducting a **waste measurement** study at Group level.

S for Social

- Carrying out the first employee engagement **survey**.
- Publishing the **ORPEA Catering Charter** with commitments related to **nutrition, food safety and hygiene, recognition** of catering teams, **reduction of the environmental footprint** of catering activities and **dialogue** with residents, patients and their families.
- Launching the **Be successful as a woman** programme, which focuses on supporting women and giving them access to top management.
- Setting up the **Development Center**, which is an essential tool for internal promotion and identifying talent.
- Implementing an internal programme to **develop managerial** and **leadership skills**.

G for Governance

- Communicating the new **Group Code of Conduct – Ethics and CSR**.
- Integrating CSR **criteria in the performance-related remuneration** of Executive Management as well as the top management of the different geographical areas.
- **Organising "community meetings"** with the HR, Procurement, Communication, Construction departments, etc., to strengthen the coordination of the CSR strategy between the various corporate functions and their counterparts in each geographical area.

CONVENTION DES ENTREPRISES POUR LE CLIMAT

4.1 CSR at the heart of ORPEA's strategy

4.1.1 STRATEGIC POSITIONING

The Group's mission is to provide care and life pathways to people in vulnerable situations. The increase in life expectancy and the rise in the number of neurodegenerative diseases make ORPEA a key player in the management of these vulnerabilities.

To meet the demographic and health-related challenges of an ageing population and shifting trends in pathologies, ORPEA aims to provide a full spectrum of suitable and diverse care solutions tailored to meet the needs of populations in the areas in which ORPEA operates.

By leveraging the resources and stakeholders that make up the Group's business model (see Introduction: Business Model), ORPEA has always endeavoured to create value over the long term — for residents, patients and employees, as well as for society as a whole and for the environment.

WE SUPPORT
UN GLOBAL COMPACT

Corporate social responsibility is an integral part of the Group's business and is therefore at the heart of its strategy. The CSR and Innovation Committee of the Board of Directors ensures compliance with the chosen guidelines and the deployment of the 2023 roadmap. The 2021 results are presented in section 4.1.1.2. ORPEA renewed its commitment to the United Nations Global Compact in 2021 and details on the Group's contribution to the Sustainable Development Goals are included in section 4.1.3.

By virtue of its mission, ORPEA is naturally at the centre of a dynamic ecosystem that serves people by:

- providing care to its **patients and residents** with humility, kindness, loyalty and professionalism;
- enabling its **employees** to develop and grow professionally and personally;
- building sustainable and responsible partnerships with its **partners**;
- forging links and cooperating with **local communities** to make regions more inclusive and supportive;
- **respecting the environment** with facilities that are more virtuous and sustainable.

ORPEA wants this ecosystem to be accessible, open, flexible, communicative and transparent to facilitate and strengthen interactions with all stakeholders both at the local and global levels.

Following the publication of a book containing allegations of wrongdoing in January 2022, ORPEA wishes to reaffirm its commitments to all its stakeholders through policies, action plans and performance indicators both at Group level and locally. These indicators are based on recognised international non-financial reporting standards. Tables of concordance with the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) can be found in section 4.10. As part of an improvement and transformation plan to be established in 2022, the company may need to adjust some of the above-mentioned indicators.

■ **The ORPEA Group's nine CSR indicators**

■ **ORPEA commitments to each stakeholder**

4.1.1.1 STRUCTURING THE CSR APPROACH AND LAUNCHING IMPROVING TOMORROW

In 2020, the Group structured its CSR approach around dialogue with its stakeholders, and was able to identify its priority issues and develop a 2023 roadmap in direct response to the issues of concern.

In 2021, ORPEA took its CSR strategy a step further by developing it into a corporate project entitled Improving Tomorrow. This project aims to bring people together to build a more inclusive and sustainable world in line with the planet's limits and promotes the idea of using each day to make things better.

In 2022, ORPEA will conduct a materiality analysis to better factor in the expectations of its stakeholders and thus prioritise the most relevant issues. This work will become even more important due to the events that affected the Group in 2022. The improvement and transformation plan to be drawn up should also help the Group improve its CSR strategy and its business plan.

IMPROVING
TOMORROW
BY ORPEA

For this strategy to be applied to daily life at all facilities, Improving Tomorrow is divided into five programmes which group all the actions and steps necessary to address the Group's non-financial challenges and achieve the CSR roadmap objectives.

The five Improving Tomorrow programmes

This strategy will be implemented on a daily basis so that the entire Group and its stakeholders can make it their own.

IMPROVING TOMORROW BY ORPEA

1 Well-being

Ensuring the well-being of residents, patients and employees in adapted living and working environments by ensuring **quality of care,** quality of **catering,** quality of **life in the workplace** and **health and safety awareness**.

BE WELL
IMPROVING TOMORROW BY ORPEA

2 Career development

Providing access to **training and encouraging internal promotions** and **career development** for all employees.

BOOST!
IMPROVING TOMORROW BY ORPEA

3 Inclusion and diversity

Hiring and developing people **from all walks of life**. Helping to change **society's view on ageing, disability and mental illness**. Strengthening **social bonds by** involving families, loved ones and patient associations in day-to-day life at the facilities.

ALL IN
IMPROVING TOMORROW BY ORPEA

4 Environmental impact

Managing **the Group's environmental impact** by reducing its **carbon emissions** and **its energy** consumption, by minimising and treating **waste** more efficiently using **the circular economy**, and by building greener facilities which promote **biodiversity**. These values are also shared with all ORPEA partners through its **responsible procurement policy**.

GO GREEN
IMPROVING TOMORROW BY ORPEA

5 Building a better world

Contributing to social and environmental projects through **charitable and community outreach initiatives,** supporting vulnerable populations through **health prevention programmes,** working with **local authorities,** investing in **research,** designing tomorrow's **innovative solutions...** these are all ways to build a more just and sustainable world.

ACT BEYOND
IMPROVING TOMORROW BY ORPEA

4.1.1.2 IMPROVING TOMORROW ROADMAP

Our roadmap

In response to certain challenges and in order to pursue its CSR ambitions, the Group has already begun to reflect on its future roadmaps, in particular by adding commitments relating to catering or the reduction of carbon emissions in line with the Paris Climate Agreement. These roadmaps will be rounded out in light of the Group's materiality analysis and the development of the improvement and transformation plan in 2022.

IMPROVING TOMORROW BY ORPEA

› Well-being

BE WELL
IMPROVING TOMORROW BY ORPEA

2023
- Increase in the employee **engagement rate**
- 15% **reduction** in **work-related accidents**
- 100% of **facilities certified** by an external ISO 9001 assessor (or equivalent)
- 100% of facilities have a trained **ethics/positive treatment correspondent**
- 100% of facilities have implemented the **Catering Charter** and have achieved the objectives related to **nutrition, food safety** and **the environmental footprint**

2025
- 100% of facilities have achieved all of the commitments set out in the Group's **Catering Charter**

› Career development

BOOST!
IMPROVING TOMORROW BY ORPEA

2023
- 50% of regional directors, facility directors and head nurses **promoted internally**
- 10% more **employees** have obtained a **diploma** or **certificate**

› Inclusion and diversity

ALL IN
IMPROVING TOMORROW BY ORPEA

2023
- 50% **women** in ORPEA's **top management**
- 100% of host countries have implemented tools to **improve dialogue** with **loved ones**

› Environmental impact

GO GREEN
IMPROVING TOMORROW BY ORPEA

2023
- 100% of new **construction** projects **with** LEED[1] or BREEAM[2] certification
- 5% reduction in **energy consumption**
- 100% of **significant suppliers**[3] have signed the **Responsible Procurement Charter**
- 100% of **supplier calls for tender** include a **CSR assessment**

2025
- 16% reduction in **energy consumption**
- 17% reduction in **Scope 1 & 2 carbon emissions**

2030
- 29% reduction in **energy consumption**
- 31% reduction in **Scope 1 & 2 carbon emissions**

› Building a better world

ACT BEYOND
IMPROVING TOMORROW BY ORPEA

2023
- All facilities have conducted at least one **community outreach initiative**
- Roll-out of **three innovative programmes** at Group level, aimed at enhancing the **well-being** of **residents and patients**
- 100% of host countries have signed a **research partnership** with a renowned **university**
- Roll-out of the **Code of Conduct – Ethics and CSR as well as training for all employees**

(1) LEED: Leadership in Energy and Environmental Design, a North American standardisation system for buildings with high environmental quality.
(2) BREEAM: Building Research Establishment Environmental Assessment Method, a British certification standard for analysing a building's environmental impact.
(3) Global, multinational, national and regional suppliers.

The issues of concern to each stakeholder, identified in conjunction with ORPEA's business lines, represent both risks and opportunities that must be analysed and monitored. Indeed, these issues are naturally evolving and will be subject to regular review. Actions taken to address these issues must then be measured and monitored through performance indicators. The key performance indicators are included in the Group's Improving Tomorrow CSR roadmap.

Non-financial risks are the result of mapping conducted as part of an active policy of prevention and management of the risks inherent in the Group's activity. The risk prevention and management framework is based on a structured approach, which aims to identify, assess and control risk factors liable to adversely affect the smooth operation of the Group.

In 2019, ORPEA carried out a complete overhaul of its risk mapping to identify the main risks throughout the Group. All subsidiaries and activities were included in the exercise to take into account changes within the organisation and its operating environment. The risk mapping was presented and shared in full with the members of the Group's Executive Management, the Audit Committee and the Board of Directors. The Group's risk mapping programme is built on the following pillars:

- analysing and classifying by category the risks identified through interviews conducted with the Group's key managers and the departments of the various geographical areas;
- rating each risk based on expected severity, likelihood of occurrence and level of control;
- overseeing action plans to mitigate the risks that constitute key challenges for the Group.

Initially scheduled for 2021, the update of the Group's risk mapping had to be postponed due to the health situation.

At the beginning of 2022, the Group carried out a new assessment of its main risks and updated its risk mapping, particularly in light of the consequences of the crisis faced by the Group and its stakeholders since the publication on 26 January 2022 of a book containing allegations of wrongdoing, particularly in facilities operated by the Group.

The various internal control participants and bodies (quality, medical, human resources, audit, risk and compliance, etc.), and the CSR department, have drawn up definitions and rolled out policies to manage the risks identified.

The CSR roadmap with its quantified commitments illustrates the Group's main non-financial challenges. In order to promote the achievement of these objectives, up to 40% of the bonus of ORPEA's CEO is conditional on the establishment and implementation of the Group's CSR strategy. The same applies to the senior managers of each geographical area, including the CEOs and COOs, whose bonus is conditional, up to 20%, on the implementation of the CSR strategy in their scope, of which 15% is based on the achievement of the roadmap objectives and 5% on a priority CSR criterion depending on the local characteristics of each geographical area. Up to 15% of the bonus for CFOs at geographical-area level is correlated with achieving CSR roadmap objectives.

RESIDENTS, PATIENTS, OTHER BENEFICIARIES AND THEIR FAMILIES

Issues	**Clinical ethics; health and safety; dialogue with families**				**Well-being**
Main non-financial risks and opportunities	Risk related to a **failure to respect the rights and dignity of vulnerable persons**	Risk related to **medical care** and **quality of care**	Risk related to **facility safety** conditions	Risk of **not engaging in dialogue** with patients, residents and their families	Opportunity for **positive impact** on residents and patients
Policies implemented	4.3.1 Respecting the rights and dignity of residents and patients	4.3.2 Ensuring the health and safety of residents and patients		4.3.4 Maintaining regular, transparent dialogue with residents, patients and families to meet their expectations	4.3.3 Promoting the well-being of residents, patients and beneficiaries 4.6.2 Anchoring the Innovation policy
Programme deployed		BE WELL – IMPROVING TOMORROW BY ORPEA		ALL IN – IMPROVING TOMORROW BY ORPEA	ACT BEYOND – IMPROVING TOMORROW BY ORPEA
Performance indicators	• % of facilities certified by an external body • Number of quality procedures • Satisfaction rate of residents and families with the staff and catering service • Number of control criteria for the catering service • Average number of internal and/or external audits conducted per year • Performance of internal audits and number of criteria audited • Number of adverse events • Covid-19 vaccination rate			• Satisfaction rate • Recommendation rate • Complaints rate	Number of prevention initiatives deployed
2023 CSR objectives	100% of facilities with a trained **ethics/positive treatment correspondent** in place	• 100% of **facilities certified by an external body** according to national standards (ISO-type, etc.) • 100% of facilities have deployed the Group's **Catering Charter** and have achieved the commitments relating to **nutrition**, **food safety** and **environmental footprint** ***New***		Establishment of an **enhanced dialogue process** with families in each country	Deployment of **three innovative programmes** for the **well-being** of residents and patients at the Group level
2021 progress report	44% of facilities have an ethics/positive treatment correspondent	61% of facilities are certified by an external body		58% of countries have an enhanced dialogue mechanism in place	Three well-being projects under development but not yet at the deployment stage
2025 CSR objective		100% of facilities have achieved all the commitments of the Group's **Catering Charter**			

EMPLOYEES

Issues	**Health and safety; development; training; dialogue**		
Main non-financial risks and opportunities	Risk arising from **attractiveness or difficulty in recruiting and retaining employees**, especially for in-demand jobs (medical and paramedical)	Risk arising from **employee health and safety**	Risk of **failure to maintain an employee dialogue** conducive to stability
Policies implemented	4.4.3 Retaining and engaging employees through a dynamic human capital development policy 4.4.4 Promoting diversity and inclusion within the organisation	4.4.2 Monitoring the health, safety and well-being of employees	4.4.2.3 Strengthening employee dialogue
Programme deployed	ALL IN – IMPROVING TOMORROW BY ORPEA BOOST! – IMPROVING TOMORROW BY ORPEA	BE WELL – IMPROVING TOMORROW BY ORPEA	BE WELL – IMPROVING TOMORROW BY ORPEA
Performance indicators	• Employee engagement rate • Staff turnover rate • Absenteeism rate • Number of hours of training • Internal promotion rate • % of management positions held by women	• Work-related accident frequency and severity rate • Covid-19 vaccination rate	• Rate of employees covered by a collective agreement • Employee participation rate in engagement surveys
2023 CSR objectives	• 50% of managers (regional directors, facility directors and head nurses) are **promoted internally** • 10% more employees have obtained a **recognised certificate and/or diploma** • 50% women in **top management**	15% reduction in the **frequency rate of work-related accidents**	Stable or improved **level of employee satisfaction** as measured by the **employee engagement surveys** deployed starting in 2021
2021 progress report	41% of managers have been promoted internally 8% of employees have obtained certificates or diplomas 46% women in top management	16% reduction in the frequency rate of work-related accidents compared to 2020	Employee survey conducted for the whole scope with an overall engagement rate of 65%

ENVIRONMENT

Issues	Reducing the carbon footprint of buildings and their use; protecting natural resources; waste management	
Main non-financial risks and opportunities	Risk of a **failure to take environmental responsibility into account** in construction projects and/or in the management of facilities	Risk related to **climate change**
Policies implemented	4.5 Limiting the Group's environmental footprint	
Programme deployed	GO GREEN IMPROVING TOMORROW BY ORPEA	
Performance indicators	• Water consumption (in m³) • Tonnes of waste • Tonnes of PIMW • Waste treatment: landfill, incineration, recycling	• Energy consumption • CO_2 emissions (in $tCO_2eq.$) (Scopes 1, 2 & 3) • CO_2 emissions per bed • CO_2 emissions per employee
2023 CSR objectives	100% of **new construction projects starting in 2021 to be LEED or BREEAM certified** (first deliveries in 2023)	5% reduction in **energy consumption**
2021 progress report	45% of projects in 2021 have been certified The Group's sustainable building strategy was gradually deployed throughout the year	1% reduction in energy consumption compared to 2019
2025 CSR objective		• 16% reduction in energy consumption • 17% reduction in carbon emissions (Scopes 1 & 2)
2030 CSR objective		• 29% reduction in energy consumption • 31% reduction in carbon emissions (Scopes 1 & 2)

PARTNERS

Issues	Supply chain vigilance	Sustainable and responsible supplier relationships	A precise and holistic view of the company's performance and long-term value creation for shareholders and investors
Main non-financial risks and opportunities	Risks related to **purchasing, suppliers and subcontractors**	Opportunity for **positive impact on the ecosystem**	**Investment or financing** decisions **versus responsible or impactful management practices**
Policies implemented	4.6.1 Consolidation of the responsible procurement policy	4.6 Building sustainable and responsible partnerships	Regular dialogue and transparent, accurate, reliable and truthful information
Programme deployed	GO GREEN IMPROVING TOMORROW BY ORPEA		n/a
Performance indicators	• Rate of buyers trained in EcoVadis • Rate of suppliers with a valid EcoVadis scorecard • Rate of tenders including a CSR assessment (EcoVadis rating as a criterion)	• Percentage of suppliers who have signed the Responsible Procurement Charter – Global, national and regional suppliers	• Financial and operating profit, non-financial performance (see indicators used by the Group).
2023 CSR objectives	100% of calls for tender include the **supplier's CSR performance**	100% of suppliers sign **ORPEA's Responsible Procurement Charter** of reciprocal commitments	**Plan for monitoring ESG indicators** based on material non-financial criteria for the Group
2021 progress report	Due to the training still being rolled out to buyers, no supplier involved in a tender has had its CSR performance assessed by EcoVadis	29% of suppliers have signed the Responsible Procurement Charter	n/a

LOCAL COMMUNITIES

Issues	**Scientific contribution**
Main non-financial risks and opportunities	Opportunity to have **a positive impact on markets where it operates**
Policies implemented	4.7 Being actively engaged in its communities
Programme deployed	ACT BEYOND
Performance indicators	• Number of **scientific publications** by country • Number of community outreach initiatives carried out per facility • Rate of **community outreach initiatives carried out by type of initiative** supported (health and safety, poverty, the environment, culture, education)
2023 CSR objectives	• 100% of host countries have established a research partnership with a renowned university • All facilities have conducted at least one community outreach initiative
2021 progress report	• 50% of countries have established a **partnership with a university** • 24% of facilities have conducted **at least one community outreach initiative** during the year

ALL STAKEHOLDERS

Issues	**Business ethics**
Main non-financial risks and opportunities	Risk of **non-compliance with the Group's principles in terms of ethics, the fight against corruption and influence peddling**
Policies implemented	4.2 Acting within an ethical framework
Programme deployed	ACT BEYOND
Performance indicators	• Percentage of employees **trained in the Code of Conduct** • Percentage of employees who have taken the new training modules on the Code of Conduct – Ethics and Corporate Social Responsibility
2023 CSR objective	Overhaul and roll-out of a new **Code of Conduct – Ethics and CSR** for all employees
2021 progress report	The Code of Conduct – Ethics and CSR has been completely revised

4.1.2 FULL INTEGRATION OF CSR INTO CORPORATE GOVERNANCE

To ensure that its environmental and social impacts are fully taken into account, the Group has integrated CSR into all of the company's existing decision-making bodies.

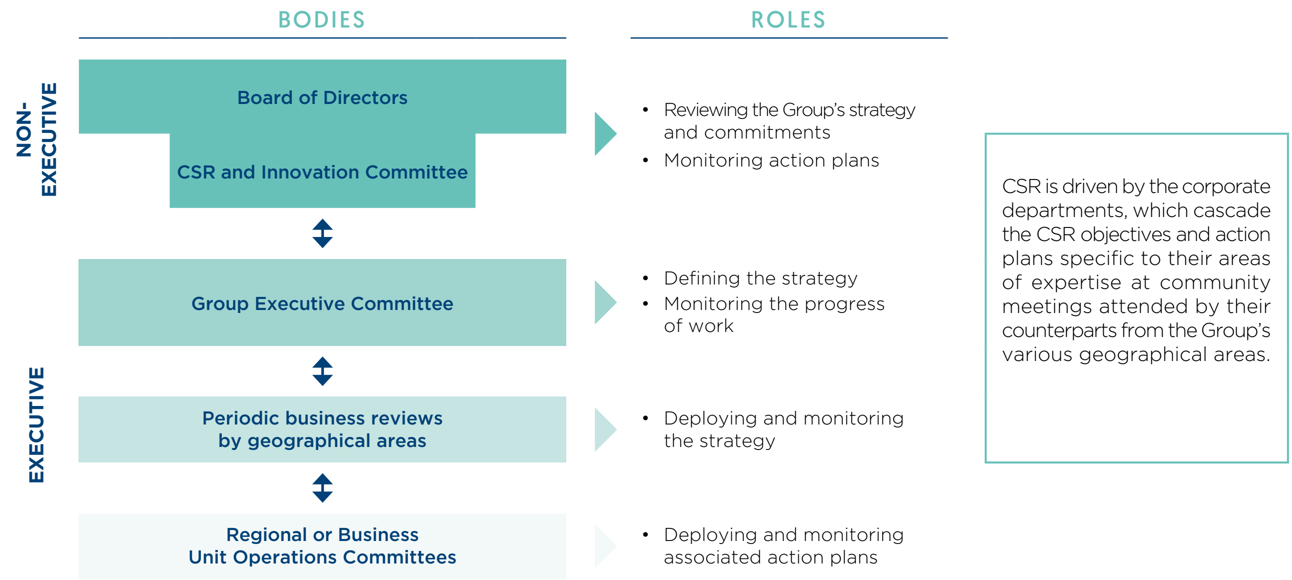
- The **CSR and Innovation Committee of the Board of Directors** meets at least three times a year and is responsible for:
  - examining the Group's strategy and commitments related to corporate social responsibility and innovation and making propositions to the Board in this regard,
  - monitoring the actions implemented by the Group with regards to the five Improving Tomorrow programmes and evaluating the main results thereof. In this capacity, it monitors issues related to the safety and quality of life and care of people in the facilities, the health, safety and well-being of employees, the Group's environmental footprint, social issues, the implementation of innovative solutions and the actions of the ORPEA Foundation,
  - examining the main environmental and societal risks alongside the Audit Committee and the impact of environmental issues (including those related to climate change) on the Group's business model,
  - helping to define the non-financial performance criteria taken into account when setting the bonus and long-term remuneration of the Chief Executive Officer together with the Appointments and Remuneration Committee,
  - giving its opinion on the manner in which the Company implements a policy of non-discrimination and diversity,
  - examining the annual and half-yearly quality reports,
  - monitoring the preparation of the Non-Financial Statement and, in general, any information required by the CSR legislation in force,
  - conducting an annual review of a summary of the non-financial ratings carried out on the Group.

  The complete Internal Rules of the Board of Directors, including the CSR and Innovation Committee, can be found in Chapter 5, "Corporate governance", or on the Company's website;
- The **Group Executive Committee** defines the CSR strategy and is responsible for ensuring the roll-out and monitoring of CSR strategy during regular business reviews with the top management of each geographical area;
- The **Operating Committee of each country,** composed of the top management of each geographical area or Business Unit, is in charge of the roll-out and monitoring of CSR action plans during its monthly meetings.

ORPEA has chosen to decentralise its corporate social responsibility strategy to its business lines (HR, Procurement, Quality, Medical, Construction, IT, etc.). This means the Group departments drive the strategy, cascading the CSR objectives and action plans specific to their areas of expertise at "community meetings" attended by their counterparts from the Group's various geographical areas. Similarly, the geographical areas are gradually appointing local **CSR managers or correspondents** to lead the CSR strategy as close to the field as possible and to respond adequately to the specific issues and requirements in each country.

The Group CSR department is responsible for coordinating and promoting the strategy throughout the Group, for all countries and corporate functions. It forms part of the **Well-Being unit**, which incorporates the Quality, Medical and CSR teams. This setup further embeds CSR in the entire organisation and in the field through the synergies created with these departments, which are specific to ORPEA's core business. The CSR department participates in the CSR Committee of the Board of Directors in order to present the progress made over the period.

■ Governing bodies and functions



4.1.3 CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ORPEA has made the Sustainable Development Goals (SDGs) a priority, as attested by its joining the Global Compact in 2020, its IMPROVING TOMORROW strategy and, more generally, its business as a whole.

While the Group contributes, to varying degrees, to 11 of the 17 SDGs on the 2030 Agenda through all of its business lines, six are particularly material for the organisation and its key stakeholders:

- **SDG 3 "Good health and well-being"** is central to the Group's mission and is applicable to residents, patients and employees alike;
- **SDG 4 "Quality education"** and **SDG 8 "Decent work and economic growth"** ensure that employees are supported and can grow in a positive environment;
- **SDG 12 "Responsible consumption and production"** and **SDG 13 "Climate action"** focus on minimising the negative impacts of business on the environment with the goal of eventually turning them into positive impacts. These SDGs also encompass work to foster responsible and sustainable partnerships throughout the value chain and the procurement policy;
- **SDG 17 "Partnerships for the goals"** strives to open up institutions to the outside world, to promote the local social fabric and to generate partnerships with regards to research and innovation and integrate them into health networks in order to move forward together.

The table below details ORPEA's contributions to the six "priority" and five "secondary" SDGs:

	Six "priority" SDGs	ORPEA's contribution
3 GOOD HEALTH AND WELL-BEING	**Empowering people to live healthy lives and promoting well-being at all ages.**	• Promoting the **physical and mental health and well-being** of residents and patients through the care provided and activities suggested on a daily basis in the Group's facilities. • Continuously improving the **quality of life** at work for employees and contributing to staff retention within the facilities. • Taking action to **reduce psychosocial risks**, musculoskeletal disorders and other occupational health risks.
4 QUALITY EDUCATION	**Ensuring equal access to quality education for all and promoting lifelong learning opportunities.**	• Ensuring that **continuous training** is provided throughout the year with regards to care issues (positive treatment, care for Alzheimer's disease, techniques and postures, prevention of psychosocial risks, etc.). • **Developing employees' skills** in all of ORPEA's businesses, as well as managerial skills, particularly through its schools (ORPEA Academy). • Enabling access to **degree courses** through, for example, experience accreditation programmes and/or apprenticeships.
8 DECENT WORK AND ECONOMIC GROWTH	**Promoting sustained, shared and sustainable economic growth, full and productive employment and decent work for all.**	• Ensuring **equal pay** for work of equal value. • Supporting employees in their **professional development**. • Protecting **labour rights and freedom of association**. • **Creating local employment**.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Establishing sustainable patterns of consumption and production.**	• Implementing measures to reduce the impact of the Group's operations through **responsible use of natural resources** (low-carbon materials, rainwater recovery, reducing tap water flow rates, green roofs, heat pumps, etc.). • Engaging in a **waste optimisation** process through waste prevention, reducing, recycling and reusing. • Ensuring that **ethical and sustainable practices** are implemented throughout its value chain. • **Raising awareness among employees** about quality environmental management (internal communication about plastic pollution, digital technology, the importance of sorting waste, organisation of training courses, etc.).
13 CLIMATE ACTION	**Taking urgent action to address climate change and its impacts.**	• **Reducing energy consumption and** associated **greenhouse gas emissions** by ensuring alignment with the objectives of the Paris Climate Agreement for energy-related scopes (Scopes 1 & 2). • Communicating internally and **raising awareness of climate and biodiversity** issues among all employees.
17 PARTNERSHIPS FOR THE GOALS	**Partnerships to achieve the objectives.**	• Building **partnerships** in the operation of facilities: – with other **care** providers (hospitals, non-profits, etc.), – for improved **solidarity** (mentoring of young people, skills sponsorship, beach cleaning, actions in schools, etc.), – with renowned research organisations and universities as part of **research**, **innovation or training partnerships**, – with **national and supranational organisations** (Global Compact, *Convention des entreprises pour le climate* (CEC), etc.).

	Five "secondary" SDGs	ORPEA's contribution
2 ZERO HUNGER	**Eliminating hunger, ensuring food security, improving nutrition and promoting sustainable agriculture.**	• Providing **nutritional responses adapted** to the tastes and needs of the elderly, as individuals, in strict compliance with regulatory standards. • **Fighting food waste** (in line with SDG 12).
5 GENDER EQUALITY	**Achieving gender equality and empowering all women and girls.**	• Continuing to **promote gender equality**. Care professionals are predominantly female. At ORPEA, 82% of employees are women and 68% of management positions are held by women.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Building resilient infrastructure, promoting sustainable industrialisation for the benefit of all and encouraging innovation.**	• Developing **high quality, reliable, sustainable and resilient infrastructure**, with buildings designed for the **well-being of residents, patients and staff** (e.g., natural light, limited corridors, green spaces, a biophilic strategy to bring nature into nursing homes and hospitals, etc.). • Placing **innovation at the heart** of business development.
10 REDUCED INEQUALITIES	**Reducing inequalities between and within countries.**	• Promoting the inclusion of all types of people through HR policies, regardless of age, gender or disability, and striving to **eliminate discriminatory practices.** • Building **facilities that are accessible** to people with reduced mobility.
15 LIFE ON LAND	**Preserving and restoring natural ecosystems.**	• Incorporating **biodiversity and biophilic design** in building projects and existing buildings (see section 4.5.3). • **Raising awareness** of biodiversity issues among stakeholders. • Integrating "biodiversity" criteria into the procurement policy (new Catering Charter with 50% of food coming from local or national sources, certain foods certified as Fairtrade, etc.).

The contribution to the SDGs has been formalised in ORPEA's CSR strategy, Improving Tomorrow. Each of its programmes is subject to quantified targets in line with the following SDGs:

- **SDG 2 "Zero hunger":**
  - 100% of facilities meet the commitments set out in the Group's Catering Charter with regards to nutrition, food safety and the environmental footprint;
- **SDG 3 "Good health and well-being":**
  - 15% reduction in the rate of work-related accidents,
  - increase in the rate of employee engagement,
  - 100% of facilities certified ISO 9001 or equivalent by an external body,
  - 100% of facilities have a trained ethics/positive treatment correspondent,
  - roll-out of three Group-level innovative programmes aimed at enhancing the well-being of residents and patients,
  - 100% of host countries have implemented tools to improve dialogue with loved ones;
- **SDG 4 "Quality education":**
  - 10% of employees have obtained a recognised certificate and/or diploma;
- **SDG 5 "Gender equality":**
  - 50% women in ORPEA's top management;
- **SDG 8 "Decent work and economic growth":**
  - 50% rate of internal promotion in regional director, facility director and head nurse positions;
- **SDG 9 "Industry, innovation and infrastructure":**
  - 100% of new construction projects from 2021 onwards will have HQE, LEED or BREEAM certification (see section 4.5.5.1);
- **SDG 12 "Responsible consumption and production":**
  - deployment of a reciprocal Responsible Procurement Charter including all global, multinational, national and regional suppliers,
  - revision of the Group's Code of Conduct – Ethics and CSR, and training for all employees;
- **SDG 13 "Climate action":**
  - 5% reduction in energy consumption by 2023, 16% by 2025 and 29% by 2030 (see section 4.5.2.3),
  - reduction of Scope 1 & 2 carbon emissions by 17% by 2025 and by 31% by 2030 (see section 4.5.2.3);
- **SDG 17 "Partnerships for the goals":**
  - 100% of host countries have signed a research partnership with a renowned university.

To accelerate its contribution to the SDGs and act in line with its ambitions, ORPEA has joined the Global Compact's "SDG Ambition Accelerator" programme, put in place to help companies "set ambitious goals and targets in the areas that will have the greatest business impact on the SDGs, and integrate sustainable development into enterprise management processes and systems." (United Nations Global Compact – Ambition Guide – Setting the Goals for the Decade of Action, 2020).

SDG AMBITION

4.2 Acting within an ethical framework

Main issues identified

ORPEA is a leading provider of long-term care for vulnerable people. The Group has achieved this position through active, sustainable and responsible development founded on values and business ethics in the exercise of its business with respect to its residents, patients and beneficiaries and to compliance with laws and regulations.

Even so, like other industry operators, the ORPEA Group may be exposed to the risk of fraud, corruption and influence peddling arising from its interactions with third parties (including public authorities). If this risk were to materialise, ORPEA, its employees and/or senior executives could face sanctions, damaging the Group's reputation.

4.2.1 STRENGTHENING COMPLIANCE PROCESSES

The basis of compliance rules applicable to the entire Group was integrated into an internal body of rules of procedure distributed in 2020 called the "Group Standards (GS)". The GS incorporate the principles of compliance at two levels:

- at the level of each GS via the formalisation of key controls to ensure that compliance issues are taken into account in all processes;
- at the level of a GS fully dedicated to compliance.

In order to monitor and coordinate the GS, the Group has implemented a twice-yearly self-assessment system. In 2021, the first self-assessment campaign regarding major GS rules was conducted at Group level. Action plans were defined to achieve the risk management objectives.

This work has also led to the strengthening of compliance teams, both at the corporate level and through the creation of a network of compliance correspondents within different geographical areas who support the Group's international development. These local correspondents, assigned to oversight duties, ensure the dissemination and application of the Group's best practices. They are also in charge of adapting the GS to fit the local environment. Coordination between the Group teams and the teams in the geographical areas is achieved through communication and regular interactions to foster transparency on issues that occur at both the Group and local levels.

The new corruption and influence peddling risk mapping exercise conducted in 2021 took place in 19 countries and involved interviews with some 100 people. The identified risks were shared with the management of the geographical areas and with the Group Executive Committee. Action plans have been identified and will be monitored regularly.

Lastly, following publication at the end of January 2022 of a book containing allegations of wrongdoing and the ensuing external and internal investigations, the Group plans to significantly strengthen its compliance process and associated key controls.

4.2.2 THE GROUP'S ETHICAL PRINCIPLES AND CODE OF CONDUCT

In the past, ORPEA has drawn up ethical and quality charters within its facilities setting out its values and best practices. ORPEA has since expanded the process by setting up an International Scientific and Ethics Council and implementing its Code of Conduct (see section 4.3.1.1).

ORPEA relies on two key Group-wide documents:

- the Code of Conduct, rolled out in all countries;
- the ORPEA Charter of Commitments to its residents and their families, rolled out in the Group's nursing homes.

These documents go hand in hand with a gifts and entertainment policy that has been harmonised and adapted in line with applicable local regulations, as well as a guide to preventing and managing conflicts of interest.

These ethical principles and the Code of Conduct are put into action through a training policy supporting employees in the implementation of best practices contained in these documents.

4.2.2.1 CODE OF CONDUCT

The Code of Conduct, rolled out in all countries, sets out ORPEA's business ethics commitments to all its stakeholders: employees, patients, residents and other beneficiaries, public authorities and partners, investors and lenders.

The ORPEA Group's Code of Conduct is based on the principles of the following international and national conventions:

- the 1948 Universal Declaration of Human Rights;
- the International Labour Organization's fundamental Conventions;
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Global Compact, which ORPEA joined in 2020;
- the United Nations Convention against Corruption;
- WHO Principles;
- the HAS (French health authority) reference framework;
- the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Starting in 2018, the Group has initiated a training policy that uses various approaches to disseminate the principles of the Code of Conduct (in-person training, e-learning, posters). As a result, the Code of Conduct is accessible in French and English on the Group's corporate website (https://www.orpea-group.com/le-groupe/qui-sommes-nous-en/our-ethics) to facilitate its distribution in a fully transparent manner. It has also been adopted by the management of all geographical areas after being adapted to local regulations and translated into all languages of the countries in which the Group operates. Training modules have been developed and shared with local compliance correspondents to facilitate the training of employees throughout their career within the Group.

The Code of Conduct is rolled out to all Group employees, starting with the manager of each geographical area and the Group functions. Regional directors and facility directors are particularly involved, as the latter are responsible for promoting it within their facilities. To that end, several communication tools have been designed and adapted to each audience. E-learning modules have been rolled out within the Group, including in France, Spain, Portugal and Austria.

E-learning is also offered to new recruits. In addition to making the Code of Conduct available via the website, information sheets and e-learning, Code of Conduct training courses, in the presence of a compliance correspondent, are regularly organised.

At end-2021, nearly 25,000 employees in all countries had participated in these training courses.

The presentation of the Code of Conduct is also part of the induction process for new employees (HQ and facilities). In addition, the Code of Conduct is displayed in staff rooms at the facilities so all employees are aware of its existence and the importance of being familiar with it.

In 2021, the Group worked on a complete revision of the 2018 Code of Conduct, leading to the publication of its Code of Conduct – Ethics and CSR in 2022. This comprehensive review has allowed the Group to refocus on its core business of accommodating and caring for patients and residents. It is now structured around four key areas:

- ethics, as a people-centred company (principles 1 to 4);
- responsibility, as an employer (principles 5 to 7);
- citizenship, as a committed player in its host regions and in society (principles 8 and 9), i.e., the Group's impact on society and the environment;
- integrity, in the conduct of business (principles 10 to 16), including the Group's commitments to anti-corruption, respect for business partners and the Group's commitments as a listed company.

Seven of these 16 principles are dedicated exclusively to the human aspect of ORPEA's business. The human factor is therefore particularly highlighted in this new version of the Code, which demonstrates the Group's desire to reiterate its essential principles of respect for patients, residents and their families, as well as the Group's respect for its employees.

The new version of the Code of Conduct – Ethics and CSR is a real working tool for all Group employees and partners. Lastly, this Code of Conduct, thanks to the nine quantifiable and verifiable CSR objectives that it sets, now constitutes a tool for transparency and monitoring of compliance with the commitments made by the Group to all its stakeholders.

2023 CSR objective

Revision of the Code of Conduct that will become the ORPEA Group's Code of Conduct – Ethics and CSR and roll-out to all employees by 2023.

2021 progress report

In 2021, the Group substantially revised its Code of Conduct, now entitled Code of Conduct – Ethics and CSR.

Training for all Group employees on this new Code of Conduct will be rolled out over 2022 and 2023.

4.2.2.2 ORPEA'S CHARTER OF COMMITMENTS TO ITS RESIDENTS, PATIENTS AND THEIR FAMILIES

Each of the Group's geographical areas has introduced a quality system in the form of a charter. These quality charters set out the common basis of the ORPEA Group's commitments based on both the Group's ethical values and the areas of attention that each facility must monitor throughout the management of its activities. To be as aware as possible of the expectations of residents, patients and their families, these charters include the specific local environment of each core business and geographical area. The ORPEA residents and family commitment charter is common to all nursing homes in the same country.

Like all the Group's other quality charters, the quality charter for nursing homes in France outlines ORPEA's commitments to its residents and their families. The best practices it presents cover accommodation, care, meals, bedrooms, accessibility, information, suggested activities and employee training. The charter is displayed in each facility and provided upon admission to new residents and their family. Employees are regularly reminded of the importance of honouring the commitments laid down in the charter.

National charters are also adopted in each geographical area. In France, for example, the hospitalised persons charter is in force in all the Group's hospitals, and the charter for the respect of the rights of the elderly requiring long-term care is in place in all its nursing homes.

Lastly, dedicated quality charters for home care services have also been introduced and published on the corporate websites.

4.2.2.3 INTERNATIONAL SCIENTIFIC AND ETHICS COUNCIL

The Group set up an International Scientific and Ethics Council (ISEC) with a dual mission: firstly, to build and instil a clinical ethics culture and provide support to staff faced with ethically challenging situations; and secondly, to analyse, evaluate and promote clinical research and Innovation in Care programmes within the Group.

In order to strengthen its wider reflections on the ethical dimension of care practices, respect for the individuality of each person and to encourage all legitimate questions on the subject, each Group facility can refer to the ISEC. Any matter or question concerning a resident's or patient's care can be referred to the Committee, including matters of positive treatment. As part of this commitment, every year the ISEC organises the ORPEA Excellence Awards (see section 4.3.3.4) to showcase the efforts made by teams regarding ethical considerations and Innovation in Care.

4.2.2.4 GIFTS AND ENTERTAINMENT POLICY

The Group's revised gifts and entertainment policy was circulated to all geographical areas at the end of 2018. It was harmonised and adapted for rules and local regulatory contexts in each geographical area in 2019. Another update of this policy took place in France 2021 to take into account the new anti-gift law applicable to health professionals.

In concrete terms, the policy aims to provide a framework for relationships between the Group's employees and third parties, such as business partners, authorities (civil servants, public officials, elected officials, government representatives, etc.) and healthcare professionals. The policy also sets the thresholds for gifts and entertainment, which are adapted to each geographical area according to applicable practices and regulations.

Employees in each geographical area are regularly made aware of the policy. A communication is sent to them in various forms that contains an overview of the applicable rules. This gifts policy is included in the Group's Code of Conduct – Ethics and CSR.

4.2.2.5 GUIDE TO PREVENTING AND MANAGING CONFLICTS OF INTEREST

The guide to preventing and managing conflicts of interest is embedded in the Group's approach to ethics. It presents the concept of conflicts of interest in an educational way and provides practical examples. The guide comes with a conflict of interest declaration form. This declaration is annual and mandatory for the functions listed below (even if there is no conflict of interest) and optional for other functions considered less exposed.

The initial roll-out was as follows:

- a first phase, rolled out in 2020, which targeted members of the Group's Executive Management, the CEOs of the geographical areas, and all those working in the Audit, Risk and Compliance department;
- a second phase, rolled out in 2021, targeting all department heads at both the Group and geographical-area level, plus employees in the following functions: expansion and development, real estate and construction and maintenance, procurement and catering;
- a third phase, rolled out in July 2021, which targeted regional directors (RDs) and facility directors (FDs).

Where a conflict of interest is declared, Compliance verifies whether or not it is material and implements the necessary corrective measures.

As of March 2022, a new campaign to identify conflicts of interest has been launched for the above-mentioned persons and on the basis of a more thorough questionnaire.

4.2.2.6 NON-COMPLIANCE RISK MAPPING

Since 2018, the Group has endeavoured to roll out a new set of processes in line with the Sapin II law. To remain aligned with evolving market practices and regulatory requirements, a new risk mapping process was undertaken in 2021 to specifically address corruption and influence peddling risks. The Group has enlisted the support of an internationally renowned firm in order to benefit from best practices and to guarantee the impartiality of the process (other risks being dealt with in the Group's risk mapping). The mapping exercise covered 19 countries with specific maps that were then summarised into a single Group map. The results were shared with the management of the different geographical areas and the Executive Board between the end of 2021 and the beginning of 2022, for implementation of the required action plans.

4.2.2.7 A RESPONSIBLE AND CLOSELY CONTROLLED PROCUREMENT POLICY

The Group has a Procurement department backed up by procurement services in the various geographical areas in which it operates. Under its procurement policy, the Group takes into account the societal, environmental and business ethics aspects of its supplier relationships. A description of the Group's Responsible Procurement Charter can be found in section 4.6.1.2 of this Universal Registration Document.

Oversight of third parties

The Compliance department has implemented a process to identify and evaluate existing significant third parties. The Development, Construction, Procurement and IT departments have already undergone more in-depth analysis.

Suppliers were pre-classified on the basis of their business volumes with the Group or their strategic importance. Depending on the results of the evaluation, the Compliance department then conducted Know Your Third-Party procedures based on in-depth duty of care compliance questionnaires. Action plans were then implemented based on the responses provided.

In parallel, suppliers were asked to:

- familiarise themselves with the Group's Code of Conduct;
- sign the ORPEA Responsible Procurement Charter;
- comply with new compliance clauses added to contracts when necessary.

New partnerships are subject to internal control processes and a strict approval procedure before any geographical area can enter into a relationship with the new partner. Accordingly, an integrity verification process of the new partner is conducted using dedicated tools such as LexisNexis and Dow Jones to avoid any risk of corruption and/or influence peddling. This is supplemented, if necessary, by in-depth investigations (depending on the nature of the third party, the nature of the services provided, potential interactions with public officials and the risks identified).

Duty of care processes are carried out with the support of local compliance correspondents and cover the verification of the integrity of strategic third parties (such as first-tier suppliers and general contractors) and of almost all third parties related to acquisitions (intermediaries, vendors).

In line with the findings of external and internal investigations following the publication of a book containing allegations of wrongdoing, the third party compliance process will be strengthened.

4.2.2.8 WHISTLEBLOWING PLATFORM

In accordance with the Sapin II law, a global whistleblowing framework for all stakeholders was introduced, providing them with a warning mechanism for Code of Conduct breaches, especially those regarding:

- conflicts of interest;
- discrimination and harassment;
- fraud, embezzlement and theft;
- failure to comply with laws, regulations or the public interest;
- anti-competitive practices;
- occupational health, hygiene and safety.

Confidentiality of the information disclosed is guaranteed at every stage of the whistleblowing process, which extends to the identity of the whistleblower. No action may be taken against an employee who reports in good faith a breach of the principles laid down in the Group's Code of Conduct via the whistleblowing platform, which is available at www.orpea.signalement.net.

The table below outlines the incidents reported over the last three years.

The Group has also established a procedure for compiling reports accessible on the whistleblowing site. The procedure sets out the rights and obligations of whistleblowers and those referred to in a whistleblowing report. It also stipulates the scope of the protection provided to the whistleblower making a report in good faith.

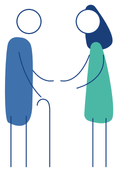
An Audit Investigation Charter has also been drafted to guide the audit missions and is regularly applied to the course of investigations launched following a whistleblower's report. This charter will be updated in 2022 to incorporate regulatory changes related to the strengthening of whistleblower protections.

In order to raise the level of awareness on this tool, reporting procedures via the dedicated platform are presented in greater detail as part of the training courses on the new Code of Conduct – Ethics and CSR to be rolled out in 2022.

Type of alerts received (2019 to 2021)	Number of reports	Closed cases	% of cases closed	Substantiated reports	% of substantiated reports
Conflicts of interest	2	2	100%	1	50%
Discrimination and harassment	3	3	100%	0	0%
Fraud, embezzlement and theft	1	1	100%	1	100%
Non-compliance with laws, regulations or the public interest	4	4	100%	2	50%
Anti-competitive practices	1	1	100%	1	100%
Occupational health, hygiene and safety	1	1	100%	0	0%
	12	**12**	**100%**	**5**	**42%**

The low number of cases reported through the whistleblowing site can be explained in part by the coexistence of other channels for reporting employee concerns but also by insufficient awareness of this platform among employees. For this reason, an e-learning module dedicated to the whistleblowing platform was rolled out in 2021 in France and at Group level in order to raise awareness of this platform among employees. Other awareness-raising actions are planned for 2022 throughout the Group, in particular via posters displayed in staff rooms and the roll-out of a QR code facilitating access to the whistleblowing platform.

4.3 Ensuring the well-being, care and safety of patients, residents and beneficiaries



The primary mission of the ORPEA Group in all its activities is to care for and support vulnerable people experiencing a loss of independent living skills, whether they are “residents” in nursing homes, “patients” at rehabilitation or mental health hospitals or "beneficiaries” of home care services.

2023 COMMITMENTS

100% of facilities have a trained ethics/positive treatment correspondent on staff

100% of facilities certified by an external body

100% of countries have implemented a system to strengthen social links with families and loved ones

2021 RESULTS

44% of facilities have a trained ethics/positive treatment correspondent

61% of facilities are certified to at least ISO 9001 standard

58% of countries have implemented these mechanisms

Main issues identified and summary of the ORPEA Group’s values

The average age of nursing home residents is over 85 and the average age upon admission is 84. Dependence levels are assessed according to country-specific scales and determine the physical and psychological vulnerability of those requiring care (75% suffer from degenerative or neurodegenerative diseases and 45% are undernourished when they arrive at the nursing home).

Given these socio-demographics, ORPEA’s key challenges are:

- respecting the rights and dignity of residents, often suffering from neurodegenerative diseases, or patients exhibiting psychological disorders, addictions or severe depression, as a matter of priority and in every aspect of daily care;
- ensuring the health and safety of residents and patients who can be polypathological and making this a priority for all staff at the Group’s facilities in all circumstances (epidemics, heat waves, etc.);
- promoting the well-being of residents and patients by ensuring they are comfortable at every stage of care, but also by considering them in their individual characteristics, taking into account their life history, background, expectations and wishes for a better quality of life;
- conducting transparent dialogue not only with residents and patients but also their family and friends, with the aim of keeping them regularly informed about their care and ensuring that their needs and expectations are met;
- establishing a highly rigorous model of care, minimising the frequency and severity of malfunctions in a people-centred sector;
- questioning, innovating and challenging its daily practices to always offer the best quality of care.

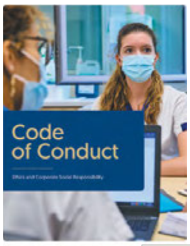
4.3.1 RESPECTING THE RIGHTS AND DIGNITY OF RESIDENTS AND PATIENTS

The dignity and rights of residents and patients are central to the ORPEA Group's activities, a value that is reflected in the IMPROVING TOMORROW programme BE WELL. Every resident or patient should be empowered to remain in control of their health and life, despite their disability or frailty, based in particular on clear information adapted to every step of their care and a personalised care and life plan.

4.3.1.1 A CULTURE OF ETHICS SUBJECT TO ONGOING REVIEW

The culture of ethics and positive treatment is an intrinsic component of the ORPEA model. The Group aims to ensure that these fundamental principles of respect for the rights and dignity of residents and patients are implemented. This culture is reflected on a daily basis in every facility's commitment to preventing mistreatment and promoting positive treatment, founded on respect for the individual, for their dignity and for their uniqueness. This positive treatment also requires continuous analysis of working practices with professionals regularly reflecting on what they do, and rigorously applying the measures decided on to improve practices. This culture is a cornerstone of quality care and permeates in a number of ways:

Code of Conduct and charters



The ORPEA Group's values are set out in the Group's Code of Conduct – Ethics and CSR and in the charters that are deployed at facility level.

This Code of Conduct and the charters are essential in terms of both social responsibility and ethics (see section 4.2.2). Everyone is expected to comply with these principles and set an example in the way they act every day.

All nursing homes have a copy of the Group's Commitments Charter, which is displayed in the reception halls and given to each new arrival. A specific check is carried out on this point during the half-yearly internal audits. It includes everything that residents can expect from the teams, the facility and the Group during their stay on many topics, including care, meals, bedrooms, activities, etc. The Charter, which is shared by all nursing homes in the same country, represents the Group's strong commitment to its residents and their families with regard to the quality of the services offered.

An Ethics Council, the ISEC, with a Chairman from outside the ORPEA Group to support ethical reviews by teams in the field

In order to strengthen its wider reflections on the ethical dimension of care practices and respect for the individuality of each person and to encourage all legitimate questions on the subject, each Group facility can refer to the ISEC (International Scientific and Ethics Council, see section 4.2.2.3). Any matter or question concerning a resident's or patient's care can be referred to the Committee, including matters of positive treatment. As part of this commitment, every year the ISEC organises the ORPEA Excellence Awards (see section 4.3.3.4) to shed light on the efforts made by teams regarding ethical considerations and Innovation in Care.

In its 2020 activity report, the ISEC identified five areas of work for 2021:

- intensify the measures implemented during its first five years of activity, such as the development of ethics in the facilities through the creation of Ethics Committees per country or the coordination of efforts and medical work in innovation, health and research. In 2022, following the crisis in France, a French Ethics Committee will be set up;
- map local initiatives to assess their scalability at Group level;
- consolidate local ethics teams in all countries to strengthen local ethical support, particularly in the event of a crisis;
- support training efforts, for example through an ORPEA International Academy that would support medical staff and families in caring for vulnerable people;
- set up IT tools to monitor, analyse and share internal and external scientific information.

The various phases of the Covid-19 epidemic throughout 2021 have made it difficult to apply this roadmap, and have delayed some of the objectives, which will be picked up again in 2022. Furthermore, on the basis of the in-depth survey (COVISEO[1]) conducted during the first wave of Covid-19, the ISEC has set itself the following objectives for 2022:

- support for the creation and coordination of national ethics committees;
- the continuation of the appointment, training and support of ethics and positive treatment correspondents at the facilities;
- the creation of a hotline or a mobile team to help staff work through ethical situations in real time and support families with questions about ethics.

(1) COVISEO (Covid International Survey on Ethics-ORPEA): this exploratory qualitative study had a dual purpose: to identify the key clinical ethical principles highlighted by the Covid-19 pandemic in the Group's nursing homes, and to map the situations considered ethically problematic which arose during the epidemic. It drew on voluntary participation from the nursing homes and their teams. The survey was conducted among caregivers in 36 nursing homes in seven European countries, based on 180 questions.

4.3.1.2 PREVENTING MISTREATMENT AND PROMOTING POSITIVE TREATMENT

Preventing mistreatment, providing team training, and handling cases of mistreatment

To prevent the risk of mistreatment, the ORPEA Group has put in place a preventive and corrective protocol in the event of mistreatment in all its facilities.

This protocol helps to prevent mistreatment by addressing:

- staff recruitment procedures;
- onboarding process for new employees;
- support and training, with "mistreatment prevention" training as part of the compulsory training for facility staff, as well as the setting up of mini-training sessions to analyse potentially at-risk situations as a team;
- step-by-step protocol in the event of suspected or proven mistreatment, including removal of the person in question in compliance with staff management regulations while an internal investigation is carried out, so as to protect all residents and patients;
- setting up of psychological support for the resident affected, their relatives and facility staff.

Cases of mistreatment or suspected mistreatment are considered a serious adverse event and are reported to the competent authorities in accordance with applicable rules in the corresponding country. Events may be reported by an employee and/or a resident or patient, a family member or any other person involved in the facility. Each event is subject to an internal investigation, an analysis of the causes and the implementation of immediate corrective actions.

ORPEA is particularly vigilant against acts of mistreatment. In 2021, 83 cases of suspected mistreatment or neglect were identified in all countries where the Group operates and were reported to the relevant authorities. Some 45% of these cases were corroborated, leading to disciplinary measures such as dismissal of the involved employees.

To strengthen its policy against mistreatment, the ORPEA Group will set up an Observatory for Mistreatment and Neglect in France from 2022 onwards, based on the model of the Suicide Observatory which has been in operation for several years. The aim is to analyse each proven act of mistreatment to look for correlations and recurring factors in order to better target the prevention and training measures that need to be rolled out.

Promoting positive treatment

Weekly summary meetings are held in each of the Group's facilities to discuss the difficulties encountered by the team. During these meetings, the care of residents and patients is discussed in order to identify, as a team, the most appropriate solutions to be implemented with the aim of respecting the rights, freedoms, individuality and dignity of residents and patients. To strengthen this culture and promotion of positive treatment in all its facilities, the ORPEA Group has committed to systematically training an ethics and positive treatment correspondent for each site.

Role of the facility ethics/positive treatment correspondents

- For residents, patients, families and relatives:
  - ensuring that new residents and patients are welcomed: maintaining social and family ties, feeling fulfilled at the facility, settling in, socialising, etc.;
  - listening to and helping residents, patients and their relatives by directing them to the appropriate people;
  - participating in the collection of user feedback on ethics and professional practices (verbally, through a suggestion box, etc.);
  - paying close attention to the living environment of residents and patients to promote conviviality, guarantee safety and respect personal freedom and the right to privacy.
- For professionals:
  - encouraging the development of new employees and trainees by getting involved in their onboarding process;
  - listening to and helping employees with their daily work difficulties and questions at the facility and directing them to the appropriate people;
  - collecting feedback from employees on ethics and professional practices and passing it on to management or directly to the Group Ethics Committee if necessary;
  - encouraging teams to think about ethical issues by participating in the development of tailored life or care projects for residents and patients;
  - running mini-training sessions on "promoting positive treatment" and professional practices to raise awareness among all the facility employees.

2023 CSR objective

The ORPEA Group is committed to identifying, appointing and training an ethics/positive treatment correspondent at each of its facilities who will be responsible for ensuring that best practices are implemented.

2021 progress report

As of 31 December 2021, 44% of the Group's facilities had an appointed and trained ethics/positive treatment correspondent.

■ **Facilities with a trained ethics/positive treatment correspondent in 2021***

	2021					
(%)	**Group**	**France-Benelux-UK-Ireland**	**Central Europe**	**Eastern Europe**	**Iberian Peninsula and Latin America**	**Rest of the World**
Facilities with a correspondent	44%	61%	11%	5%	76%	50%

* *The scope of the facilities is as follows: all facilities with a care activity, i.e., hospitals and nursing homes that have been in the Group for more than one year.*

The training programmes for ethics/positive treatment correspondents are developed by a multidisciplinary team and in some cases certified by an external organisation. For example, in Spain, ethics/positive treatment correspondents receive training from an external organisation. In France, the in-house training of ethics/positive treatment correspondents has been certified by an external organisation. Appointment of these correspondents will accelerate in 2022 in order to respond as quickly as possible to the challenges of promoting positive treatment in the facilities.

4.3.2 ENSURING THE HEALTH AND SAFETY OF RESIDENTS AND PATIENTS

The ORPEA Group has implemented appropriate preventive measures and corrective action plans to address the various health and safety risk factors that facilities may encounter (pandemic risk, infection risk, food safety risk, etc.), while taking into account the regulations in force in the various host countries. Analysis of these risks and malfunctions is essential to guarantee the health and safety of residents, patients and beneficiaries.

For example, a major vaccination plan against Covid-19 was carried out by the Group for residents of nursing homes, resulting in the vaccination of approximately 90% of the residents.

4.3.2.1 A CULTURE OF QUALITY IN ALL COUNTRIES

Each geographical area has a Quality department responsible for drafting and coordinating with the different business lines the procedures setting out best practices for the care and quality of life of residents, patients and other beneficiaries in all facilities, both for initial implementation and for any necessary updates.

The procedures provide a framework for staff practices in the areas of healthcare, food services, management, activities, maintenance and safety, and more. They are then broken down into application protocols and traceability and training tools.

Almost 500 procedures and tools are in place at each facility to manage practices and ensure they are correctly applied on a daily basis or in urgent situations. In 2022, the Group will review all of its procedures and tools in order to ensure greater ease of implementation for facility teams.

This policy is actively supported by the countries' Quality teams, who head up and monitor the Group's Quality policy in each country where ORPEA operates. In total, in all geographical areas, nearly 110 people work in the Quality departments to implement the quality policy in all facilities, overseen by the corporate Quality department during quarterly Quality Committee meetings and visits to facilities.

4.3.2.2 PROGRAMME FOR PREVENTING AND MANAGING OPERATIONAL RISKS

Maintenance of facilities

ORPEA has identified the safety risks that may arise at its facilities and has introduced appropriate tools including procedures, training, checklists and control assessments to prevent and manage these risks. The main risks associated with buildings relate to:

- water quality and temperature (prevention of the risk of legionella bacteria, monitoring drinking water and controlling tap water temperature, etc.);
- building safety (fire safety, asbestos, radon, etc.);
- geographical location (risk of flooding, forest fires, chemicals, etc.);
- climate change (risk of heat waves).

ORPEA invests each year to ensure that its facilities in every host country provide high-quality, safe and comfortable accommodation and comply with the applicable health, safety and fire regulations. This investment also helps maintain the appeal of the Group's facilities and meet the comfort and safety expectations of residents and patients.

Maintenance teams set up in each country are responsible for building safety and maintenance, based on a dedicated yearly works budget. This is underpinned by:

- a prevention policy implemented through training provided to all the facilities' employees (annually or semi-annually depending on the country). This policy is implemented by either an accredited external firm or a specially trained in-house correspondent in compliance with the legal requirements in each country;
- preventive maintenance work (fire safety system, smoke extraction system, fire doors, fire extinguishers, installation of hot water and maintenance of the water network, recording of building temperature, etc.);
- remedial measures (e.g., repairs) as part of a system assuring traceability to identify the issue that has arisen and monitor its resolution;
- internal audits conducted at least annually to verify the implementation and monitoring of these protocols and measures. At the same time, the ORPEA Group has established a network of specialist independent contractors that can audit the safety of its facilities and buildings to check their compliance with the local regulations (fire safety, legionella checks, etc.).

Hygiene and food safety

ORPEA's food safety control plan helps prevent the chemical, physical and biological risks inherent in collective catering. It covers the requisite points for ORPEA's facilities to fully honour their responsibilities: best practices in food hygiene, compliance with the Hasard Analysis Critical Control Points (HACCP) method, management of remedial actions and warnings, and introduction of a traceability system.

Assessments are conducted on a regular basis, both internally and by independent organisations, monitoring more than 250 food-related criteria per year. For example, the Group conducts quarterly bacteriological analyses above and beyond the regulatory requirements of many countries to ensure the best possible food safety.

The Group Catering department works with its suppliers to offer high-quality products and to safeguard the traceability of products and their origins. To ensure all countries adhere to the same principles, the Group has developed a catering standard that lays down the major rules when it comes to hygiene and food safety in particular.

Crisis management

Every facility has both a crisis management plan and a business continuity plan to deal with any situation, with different levels of response. These plans also include the equipment needed to protect residents, patients and employees, such as masks, goggles and hand sanitiser to deal with an epidemic, and air conditioners and fans in the event of a heat wave. In the event of a crisis, these plans provide for the setting up of a crisis unit within the facilities. The facility crisis unit communicates with the national crisis unit, which consists of the Operations department, the Medical department and the Quality department, among others. The national unit coordinates actions throughout the Group and centralises the information reported by the local crisis units. The Group procedure will be reviewed in 2022 to strengthen crisis management tools at Group level.

4.3.2.3 MONITORING OPERATIONAL ACTIVITIES

To ensure the smooth operation of the arrangements put in place to protect the health and safety of residents, assessments and controls are conducted on a regular basis in all countries to make sure the procedures and regulations are followed properly and that training has been taken on board by employees.

Internal audits

100%

of facilities internally audited every six months

at least 200

criteria monitored on an ongoing basis

ORPEA has developed a quality control process that applies to all its facilities in every country. Nearly 200 criteria are continually monitored and controlled by facility directors, regional directors and the different support business lines (quality, medical/care, construction and catering). These control points cover the following topics:

- the resident and patient pathway, including quality of accommodation, the information provided on admission and during the stay (in terms of services and fees), the implementation of a personalised plan (life plan, care plan) and the respect of rights and freedoms;
- care and treatment, including traceability of care, measures to prevent malnutrition, monitoring the use of restraints, preventing falls, the medication circuit, end-of-life care or support during difficult times of life, and ongoing discussions around positive treatment;
- staff management, from recruitment to team integration, as well as training, monitoring and evaluation of team practices;
- the involvement of relatives, their place within the facility, methods for consulting residents and families, reviews in the event of a problem;
- safety, in particular the compliance of safety and fire registers, and the monitoring of works;
- catering, monitoring of the food safety control plan and quality of the catering, compliance with the food plan, menus and prescribed diets;
- hygiene, control of best practices, management of potentially infectious medical waste;
- entertainment and social life within the facility, an activities schedule tailored to residents' medical conditions;
- monitoring of the quality process, communication of the facility's project, sharing of quality protocols and adoption by the teams, use of care indicators, monitoring of inspections and external controls and monitoring of the action plan.

This operational internal assessment plan takes the form of:

- six-monthly self-assessments by facility directors and their teams;
- control audits carried out every six months by the regional directors to ensure compliance with all Group procedures;
- field visits by the Group's support services to check the implementation of corrective actions and compliance with established procedures, and provide targeted expertise if necessary.

These internal assessments allow each facility to identify areas of non-compliance and implement appropriate corrective action plans as a team. The action plans are monitored on a weekly basis by facility management during team meetings and by the support teams during their regular visits. The Group promotes a positive error culture that includes systematically taking stock of and continually improving practices.

External audits

In addition to this internal assessment plan carried out by ORPEA teams, external audits by authorised companies are carried out in all countries and lead to corrective measures if necessary.

Checks are also carried out by the competent state authorities in each country. The ORPEA Group ensures that it takes into account all the recommendations issued by these bodies to correct any discrepancies flagged and to improve its practices in a more general sense.

Between January and April 2022, following the publication of a book containing allegations of wrongdoing, nearly 70% of French nursing homes were audited. No major sanctions, i.e., facility closure, were applied against Group facilities. ORPEA will ensure that all corrective measures are implemented within the required timeframe.

Certification of facilities

ORPEA seeks to have its facilities certified so as to obtain an independent assessment of the quality and safety of the people being cared for and of the services provided. The minimum standard chosen by ORPEA is ISO 9000:2015. However, some countries provide for other standards that are more appropriate to the health activities or culture of the country concerned. On this basis, the ORPEA Group has decided to certify all of its facilities by independent bodies to guarantee the quality system, with a focus on the quality of care and management of the facilities. The Quality department of each country is responsible for selecting the benchmark that corresponds to the best quality level in conjunction with the Group Quality department. Where there are no demanding business standards, countries choose to implement the internationally recognised ISO 9000:2015 standard. This is the case for the following countries/activities: Belgium, Ireland, Germany, Netherlands, Spain, Portugal (nursing homes), Poland and French-speaking Switzerland (hospitals).

2023 CSR objective

All facilities are certified based on local reporting criteria. The ORPEA Group is committed to every facility having an external certification. To comply with local regulations and take better account of the expectations of residents and patients, the Group has undertaken to obtain this certification based on the most relevant standards in the country concerned, thus considering the needs of all stakeholders.

2021 progress report

By 31 December 2021, 61% of the Group's facilities were certified by an external body based on an ISO 9001 standard equivalent or higher.

■ % of certified facilities in 2021*

Geographical areas	Percentage	Target certification standard
France-Benelux-UK-Ireland	86%	HAS, ANESM, ISO 9000:2015, CQC
Central Europe	21%	ISO 9000:2015, local authority standard (based on ISO 9000)
Eastern Europe	29%	EFQM, E-Qalin, Easy-living, ISO 9000:2015
Iberian Peninsula and Latin America	90%	ISO 9000:2015, Joint Commission International
Other	50%	Local authority benchmark (based on ISO 9000)
GROUP	**61%**	**STANDARD ADAPTED TO THE ACTIVITY AND LOCAL REQUIREMENTS (MINIMUM ISO 9000)**

* *The scope of the facilities is as follows: all facilities with a care activity, i.e., hospitals and nursing homes that have been in the Group for more than two years.*

4.3.2.4 HANDLING ADVERSE EVENTS

Adverse events represent a risk of which the Group is well aware and for which staff endeavour to implement all preventive measures necessary. Teams assess the potential risks when residents and patients are first admitted. For individuals at risk, in addition to the requisite close monitoring, the care team introduces protective measures, develops an appropriate care pathway and makes sure the resident's or patient's environment is secure at the time of admission. These measures are always discussed with the doctor, staff and the resident's legal guardian, safeguarding the well-being, rights and freedoms of residents and patients. In order to increase prevention within facilities, the Group organises training and awareness raising campaigns for teams. Among other things, they provide the teams with the knowledge they need to identify behaviour that could lead to a risk of running away or suicide and to understand the procedures to follow if an exceptional event occurs.

In order to guarantee this programme, a procedure for reporting and processing adverse events is established in all countries where the Group operates. All serious adverse events are handled with special procedures (internal and external reporting to the competent authorities, analysis of causes and corrective actions to be taken, both locally and at country and Group level). As well as these procedures being set up in all facilities, an action plan has been launched to strengthen the culture of reporting all adverse events, regardless of their level of seriousness.

In 2021, the adverse event rate was 0.2% (number of serious adverse events relative to the number of residents and patients admitted in 2021). Each serious adverse event was the subject of detailed analysis and specific monitoring. Corrective actions were systematically carried out with staff, always with the aim of reducing this type of adverse event as much as possible and preventing it from occurring at other facilities.

The ORPEA Group also pays particular attention to caring for residents and their families following a serious adverse event by systematically offering psychological support. At the same time, the teams are also monitored and they can also receive psychological support (see section 4.4.2.1).

In 2021, 87% of the serious adverse events that occurred were care-related, which is consistent with the Group's activity. For a more in-depth analysis, the Group will work in 2022 on the reporting of new indicators to assess, among other things, the exhaustivity of reports of such events and how they were handled.

Serious adverse events always represent a failure in the care of a resident or patient. This is why, in addition to the corrective measures taken locally by the teams, a macro-analysis of these events helps identify more general measures to be taken, particularly in terms of team training. For example, in France, the following training courses were implemented for teams:

- managing aggression and behavioural problems: 444 trainers trained since 2019;
- prevention of suicide risk: 329 trainers trained since 2019;
- understanding the psychology of families and preventing conflict: 553 managers trained in 2020 and 2021.

	Rate of adverse events*	Care	Logistics	External factor
2020	0.2%	84%	12%	4%
2021	**0.2%**	**87%**	**12%**	**1%**

* *Adverse events are considered to be:*
- related to care: running away, suicide or attempted suicide, abuse, aggression, inappropriate family behaviour (excluding Covid-19);
- related to logistics/technical issues: heating, water, electricity, etc.;
- related to an external factor: theft, intrusion, climate event, etc.

In 2022, in light of the conclusions of the external and internal investigations carried out following the publication in January 2022 of a book containing allegations of wrongdoing, the Group will strengthen its culture of systematic reporting of adverse events and the timeframe for reporting serious adverse events to the competent authorities.

4.3.3 PROMOTING THE WELL-BEING OF RESIDENTS, PATIENTS AND BENEFICIARIES

4.3.3.1 FACILITIES DESIGNED AND OUTFITTED FOR PEOPLE'S WELL-BEING

The ORPEA Group designs the architecture and amenities of its facilities around people. This philosophy is essential for creating a pleasant care and living environment and goes beyond the quality of nursing care to focus on the well-being of those being cared for. The Group takes several factors into account:

- lighting, with particular emphasis on creating natural light wells;
- indoor temperature, which must be kept ambient and comfortable;
- warm, aesthetically pleasing areas for activities and socialising, and cosy, quiet spaces where residents and patients can spend time alone or with loved ones;
- rooms for well-being and stimulation (hairdressing and well-being salon, Snoezelen relaxation area, reminiscence area, balneotherapy, rehabilitation room, gym, etc.);
- natural green areas designed to be easily accessible by residents and patients who can also spend time there for quiet contemplation or to relax with others;
- appropriate and careful decor that takes into account what people have been used to;
- convenient access to public transport and local shops so residents/patients can go out and maintain a social life, and family and loved ones can travel easily to and from the facility;
- spaces for daily events or therapeutic, cultural and entertainment activities organised by facility staff or external organisations; these areas can also be used on a regular basis for local associations involved in programmes sponsored by the facility (see section 4.7.4).

These criteria, which are absolutely essential for pleasant living conditions and individual well-being, not just for residents and patients and their families but also for facility staff, are on the Group's checklist for new building construction.

4.3.3.2 DEFINING A FOOD PLAN THAT ENSURES NUTRITIONAL INTAKE AND GUEST SATISFACTION

47 million
meals
served in 2021

Meals are a special time of day, fostering a social atmosphere, sharing and pleasure, and contribute to maintaining good physical and mental health. This is a fundamental issue for elderly or frail people who are at high risk of undernutrition, and is the subject of particular attention within the Group. ORPEA's catering policy is based on three pillars:

- **nourishment** by meeting biological needs to maintain good health;
- **pleasure** by fostering psychological well-being through a pleasant sensory experience;
- **bringing people together** by promoting socialising, i.e., sharing meals with friends and family.

In 2021, based on its conviction that catering that incorporates "health and pleasure" is key to the well-being of patients, residents and users, ORPEA, together with all the Catering departments in the various countries, drew up a Catering Charter containing nine clear, concrete commitments that will gradually be rolled out systematically in all the Group's facilities.

9
Catering Charter commitments

1. **Detecting and managing the risk of undernutrition** as early and as effectively as possible
   - The menus for each country are developed with the Medical department, in collaboration with dieticians, and taking into account the recommendations of the different countries and national agencies to guarantee an appropriate nutritional intake. The catering plan on offer **provides variety and a balanced diet throughout the seasonal menu cycles and meets protein and calorie requirements**.
   - An initial assessment and adaptation of menus for a personalised nutritional programme (e.g., in terms of protein). It is drawn up by the care team for each resident or patient, taking into account their needs and their tastes. Risks of undernutrition are monitored, and textures and diets can be tailored accordingly.
   - Monitoring of nutrition and hydration is carried out and its frequency is adapted to the needs of the residents and patients and their medical conditions.
   - The kitchen teams are trained in the issues surrounding undernutrition and the specificities of the elderly and the frail.
2. **Guaranteeing food safety**
   - The teams are trained in food hygiene (HACCP) and the Group carries out bacteriological analyses of dishes in each kitchen at least once a quarter (see section 4.3.2.2).
3. **Respecting the seasons and promoting local culinary heritage**
   - The Group aims to offer seasonal fruit and vegetables and promote local cuisine while allowing residents and patients to experience the wider world through the discovery or rediscovery of dishes from other horizons.
4. **Sourcing local, quality and environmentally friendly products**
   - The Group's Catering department considers quality and Corporate Social Responsibility as criteria in their own right for classifying food products. Accordingly, for certain purchasing categories, preference is given to products with quality or environmental labels (red label, MSC fish, etc.).
   - As part of its commitment as a corporate citizen, ORPEA also guarantees that a significant proportion of ingredients are sourced domestically.

By 2025
100%
of the teas, coffees and hot chocolates served will be Fairtrade

By 2025
70%
of the fruit and vegetables on the menus will be in season

By 2025
50%
of products will be sourced domestically for each of the host countries

5. **Making meals truly enjoyable by stimulating the senses**
   - ORPEA aims to take a comprehensive "Hospitality" approach that reflects hotel quality service, including catering and well-being services in addition to care.
   - The Group works with experts in the traditional restaurant industry to enhance the menus and inspire the teams. In France, the Group has been working with Ducasse Conseil and Ducasse Education on chef training since 2016. In 2021, 30 ORPEA chefs were invited to receive training in the fundamentals of cooking.
6. **Personalising the catering offer by adapting to each individual's needs and expectations**
   - Diet is included in the person's life pathway, alongside their care pathway, to provide meal choices based on their tastes and preferences, rather than just on what they cannot eat (either because they don't like it or it is not permitted). For example, an alternative dish is offered at every meal, and the texture of the dishes is also adapted to the individual needs of each person.
   - In parallel, the risk arising from the presence of allergens (INCO standard) in preparations or products from listed suppliers is identified, and an information sheet is made available to keep consumers fully informed.
7. **Promoting dialogue and participation of residents, patients and users**
   - ORPEA is committed to taking into account the opinions of residents and patients. Satisfaction surveys precisely measure how satisfied they are with the quality of the meals. Dedicated catering feedback channels are in place in France, Belgium, Spain, Switzerland, Germany and Italy, with a number of other Group countries set to join this list by 2023.
8. **Promoting the work of the catering teams on a daily basis**
   - The Group is committed to honouring its chefs with national culinary awards as well as with the International Culinary Competition, which brings together all the winners of the national awards. In 2021, the first place was won by Belgium.
9. **Reducing the Group's environmental footprint, by fighting food waste and limiting energy consumption and water use**
   - The Group has chosen to make its CSR commitments a central part of its catering policy by endeavouring to measure, reduce and optimise the processing of its food waste in all its countries by 2023 (see section 4.5.4.1).
   - This respect for the environment is also reflected in the Group's purchasing policy for large kitchen equipment, where it chooses to integrate criteria for energy consumption or end-of-life processing, for example (see section 4.6.1.2).

New 2023 CSR objective

100% of facilities have implemented the Group's Catering Charter and have met the commitments relating to nutrition, food safety and environmental footprint.

New 2025 CSR objective

100% of facilities have implemented 100% of the commitments of the Catering Charter.

■ "Meal quality" satisfaction index

	Nursing homes		Hospitals	
	Number of respondents	Satisfaction rate	Number of respondents	Satisfaction rate
2020	27,424	87%	65,224	/
2021	**30,641**	**87%**	**81,062**	**80%**

Although the satisfaction rate for catering is still lower than for the other questions, the quality of the meals remains stable and is appreciated by more than 87% of the residents at the Group's nursing homes ("very satisfied" or "satisfied"). In hospitals, the satisfaction rate for the quality of meals has only been consolidated since 2021. As catering plays an important role in personal care, the Group intends to continue its efforts in terms of nutritional quality (choice of products, team training, etc.).

4.3.3.3 IMPLEMENTING EDUCATION AND PREVENTION PROGRAMMES TO MAINTAIN THE AUTONOMY OF RESIDENTS AND PATIENTS

Health education or psychological education programmes have been developed for patients or their loved ones and family by the Group's hospitals in France, both in psychiatry and in post-acute care and rehabilitation, with all specialities covered.

These programmes allow patients to improve their knowledge of their pathology and help them prevent health risk factors to live better, better control their treatment and consolidate their recovery, thus prolonging the benefits of hospitalisation once they return home.

To promote patients' well-being and give them the keys to taking care of themselves, partnerships can also be set up to offer alternative, non-drug, supplemental treatments, such as yoga therapy in post-acute care and rehabilitation for patients suffering from chronic pain or cancer. There are also comprehensive programmes that involve early intervention with elderly people before they lose their independent living skills to provide them with tools to take charge of their health, preserve their remaining abilities and maintain or improve their quality of life.

In Germany, an innovative programme called "Salvea Inside" has been implemented to integrate physiotherapy more intensively into the daily care and activity plan of nursing homes. The many advantages of this programme include preventing falls and increasing the motivation of residents and care givers.

4.3.3.4 INNOVATING CARE PRACTICES AND SHARING BEST PRACTICES FOR GREATER WELL-BEING OF RESIDENTS AND PATIENTS

As part of its innovation policy, ORPEA is committed to identifying new projects and solutions every year to improve the well-being of the people in its facilities. And as part of its CSR roadmap, the Group has also formally committed to implementing well-being programmes (see section 4.6.2).

ORPEA Excellence Awards

Since the culture of well-being is the key focus of on-site teams, every year the ISEC organises the ORPEA Excellence Awards to pay tribute to Group teams that have developed programmes bringing fresh thought and innovation to their healthcare practices. The event is a way to support and nurture the teams' efforts in these areas.

For the seventh edition of the ORPEA Excellence Awards, teams from 12 countries submitted 44 projects for consideration. Despite the public health crisis still ongoing in 2021, the growing number of projects submitted during the year attests to the genuine interest of the ORPEA Group's teams in ethical considerations as well as the importance they place on constantly reviewing their practices. The teams' goal is to offer residents and patients ground-breaking care to improve their quality of life and well-being.

The award ceremony honoured the following winners:

"Clinical Ethics" category	"Innovation in Care" category	"Research" category
Number of projects submitted: 4	Number of projects submitted: 32	Number of projects submitted: 8
Number of projects selected: 1	Number of projects selected: 2	Number of projects selected: 1
This year, the jury singled out the Xianlin International Care Center Residence in Nanjing (China) for its **Xin Nian/Belief** initiative. While the Covid-19 epidemic hit China hard, the facility's team remained fully committed to the residents by deciding to confine themselves to their places of employment for over 35 days. This initiative demonstrates team spirit, solidarity and a deep understanding of professional ethics in the care sector.	**The jury awarded** a **joint prize** to two facilities this year: The first was awarded to the **ORPEA Residence in Malaga** (Spain) for its project to adapt practices **in nursing homes for elderly people with visual impairments**. This project has resulted in the development and introduction of special cutlery and glasses to make eating easier on a daily basis. The second went to the **Antonina Residence in Piaseczno** (Poland) for its **resident-to-resident programme "Let me help you around",** which consists of pairing up new residents with a long-standing resident to foster pleasant, reassuring and faster social integration for the new arrival.	The jury also awarded an ORPEA Excellence Award for the work **of ORPEA Deutschland's virtual reality programme to reduce social isolation and loneliness.** The study was carried out in cooperation with the University of Bayreuth. It demonstrated the ability of a care team to use virtual reality as a tool to entertain the residents and stave off feelings of social isolation and loneliness, which were aggravated by Covid-19 lockdowns.

ORPEA Excellence Awards 2021: 44 entries from 12 countries

Clinical Ethics category

1. Psychoeducation Programme for Good Treatment (ORPEA Seranillos, Madrid, Spain);
2. Cyber-Travelling as a Response to Confinement during a Pandemic (ORPEA Residencia Zaragoza, Spain);
3. We Make Silent Dreams Come True (Rezydencja Honorata, Chorzow, Poland);
4. Xin Nian/Belief (ORPEA Nanjing Xianlin International Care Center, Nanjing, China) – Xin Nian/Belief.

Research category

5. Attitudes and Consequences of Covid in Institutionalized Elderly (ORPEA Collado Villalba, Spain);
6. Pilot Study and Care Guide for Social and Healthcare Centres during a Pandemic (ORPEA Villanueva de la Cañada, Spain);
7. Adapted Mindful Yoga for Seniors (ORPEA Punta Galea, Spain);
8. Benefits of Music Therapy in Older People. *Let's Play Musical Bingo!* (ORPEA La Moraleja, Spain);
9. Fall Prevention Programme for Residents with Alzheimer's Disease (ORPEA Carabanchel, Madrid, Spain);
10. SMART Solutions Across Continuum of Care for the Elderly (SeneCura, Czech Republic);
11. Virtual Reality Applications to Reduce Social Isolation and Loneliness (ORPEA Deutschland, Germany);
12. "I Fall My Way" Workshop for the Prevention and Management of Falls (ORPEA Torrelodones, Madrid, Spain).

Innovation in Care category

13. ORPUMBA (ORPEA Madrid Buenavista, Spain);
14. Evaluation and Treatment of Osteoarthritis of the Hands in Older Adults Using Apps (ORPEA Cordoba Sierra, Spain);
15. Intervention with Elderly Persons with Visual Impairments by Means of Adaptations in Care Homes (ORPEA Malaga, Spain);
16. Dreams of residents (ORPEA Fauriel, Saint-Étienne, France);
17. Wii-Fit Senior Monopoly (ORPEA Flavicordia, Chaves, Portugal);
18. The Use of Alexa as a Digital Technological Solution to Improve the Quality of Life of Seniors with Mild Cognitive Impairments or Without Deterioration (ORPEA Aravaca, Madrid, Spain);
19. Resident to Resident – Let Me Help You Around (NH Antonina, Piaseczno, Poland);
20. We Train, We Gain (ORPEA Na Dyrekcyjnej, Wroclaw, Poland);
21. On the Road with our Rickshaw (Vitalis Senioren-Zentrum Abraham, Augsburg, Germany);
22. Use wisely – Praticima (Senioren-Zentrum Eppenheim, Eppenheim, Germany);
23. Movement fortnight (Saint-Rémy-lès-Chevreuse Residence, France);
24. Don't tell me NO! Track record of SALVEA's use of the "EksoNR" exoskeleton in physical neurorehabilitation (SALVEA Rheazentrum Idar-Oberstein, Germany);
25. So that the Effect does not Fizzle Out – App-supported Aftercare DE-RENA (Celenus Klinik Carolabad, Germany);
26. Allena… Mente – Cognitive Stimulation Exercises (Casamia Borgaro, Italy);
27. Doll Therapy: a Non-Pharmacological Approach to BPSD (Behavioral and Psychological Symptoms in Dementia) (RSA Villa Cenacolo, Lente sul Seveso, Italy);
28. RI-love your body/RI-abitare il corpo (Ville Turine Amione, San Maurizio Canavese, Italy);
29. NUKA, Inclusion of a Social Robot (ORPEA Ibérica Central, Spain);
30. Sleep Charting (Residentie Hardoye, Belgium);
31. Allerzorg, Hospital on Wheels (Home Care, Allerzorg, Netherlands);
32. Esketamine Nasal Spray (Spravato) for Patients with Treatment-Resistant Depression (Nightingale Hospital London, UK);
33. Rehabilitative Short-Term Care (NH Arnoldstein, Austria);
34. Practical Instruction and the 3rd Learning Setting (Sozialzentrum Haus Bludenz, Austria);
35. Generation Park (SeneCura Frantschach-St. Gertraud, Austria);
36. Circus Dimitri – Joy & Friends for Life (SeneCura Kreuzbergl, Austria);
37. Dance Café (SeneCura Pflegezentrum Lurnfeld, Austria);
38. Closer to People café (SeneCura St. Veit/Glan, Austria);
39. Singing Bowl with Emma (Pflegezentrum Vassach, Villach, Austria);
40. Employee Retention during Company Relocation (Pflegezentrum Vassach, Villach, Austria);
41. Your Own Pet in the Nursing Home (SeneCura Waldhaus, Vitkring, Austria);
42. Step by Step into the Nursing Profession – with the Educational Guidance SeneCura (SeneCura HQs, Vienna, Austria);
43. SeneCura Campus-Bachelor Bridge (SeneCura HQs, Vienna, Austria);
44. CLINEAPP (Lyon Lumière Hospital, Lyon, France).

Sharing innovative care practices

ORPEA endeavours to promote the sharing of best practices Group-wide. Its aim is for its entire network to reap the benefits of innovative care and treatment approaches, and also of initiatives successfully implemented at a facility that promote the well-being of residents and patients or improve the quality of life in a facility.

As part of this approach, every country publishes an internal local paper or online magazine for its teams to get the message across and share these insights.

The Quality programme and the tools rolled out Group-wide also contribute to these efforts. The regional Quality correspondents also help to pass on best practices and interesting initiatives and to adapt them to a greater extent.

Lastly, a number of years ago ORPEA established scientific associations to review best professional practices in its countries of operation. It also set up inter-country committees to share these best practices across borders (Quality Committee, Medical Committee, etc.). These associations and committees allow professionals to meet, exchange ideas, compare practices, draw inspiration from one another, support clinical reflection, discover new therapeutic approaches and sometimes pool their resources. The ultimate aim of these associations is to improve the care given to residents and patients at facilities within the Group. They also help to create a sense of belonging among professionals.

1,000 Smiles initiative

Created in 2020, the "1,000 Smiles" awards recognised the efforts made by teams in the Group's facilities who, during the many weeks of Covid-19 lockdowns, developed a multitude of original initiatives to mobilise, unite, strengthen ties and inspire smiles, energy and optimism among residents, patients and employees.

A second edition of the awards was held in 2021 and 51 entries were submitted by teams from 14 countries. Based on the criteria of originality, impact, replicability and team commitment, the jury of Group employees awarded three prizes for the year 2021:

- 1st prize: Mirasierra Residence in Madrid (Spain) for its "Song in sign language" project. Over several weeks, all the teams of the facility as well as the residents learned the sign language to interpret a song together to celebrate the National Day of the Deaf;
- 2nd prize: Aquitaine France regional management for its "Photobooth" project. All the facilities in the region were equipped with Polaroid cameras and invited to send their best photos of teams and residents to a regional jury;
- 3rd prize: the "Health Challenge" project carried out in Italy for all employees in facilities and at head office. Employees were invited to change their habits by using an app and to engage in more physical exercise by completing different challenges. For each new employee registered on the platform, a tree was planted. When the project was submitted for the prize, the application had already recorded 47,000,000 steps, 23,000 kilometres travelled and 237 trees planted.

4.3.4 MAINTAINING REGULAR, TRANSPARENT DIALOGUE WITH RESIDENTS, PATIENTS AND FAMILIES TO MEET THEIR EXPECTATIONS

255,000

patients and residents cared for in 2021

One of the main concerns of facility directors is to maintain an ongoing dialogue with residents and patients and their families so as to meet their expectations, answer their questions and provide the best possible care plan for people who place their trust in the Group.

ORPEA is aware that certain situations, and in particular admission to a nursing home or the progression of an illness, can cause feelings of stress, guilt or even failure and lead to misunderstandings and concerns. It is the primary mission of facility directors and their teams to maintain ongoing dialogue with residents and their families.

This dialogue and transparency begin upon admission, giving residents and patients a say in shaping their care plan and arrangements so that they take the lead in decisions related to their health and maintain their independence and well-being as far as possible. This is a crucial part of giving prevention and care pride of place over the long term, and of respecting the choices made by residents and patients. As part of this approach, ORPEA's teams always take the time to explain the care and treatment they are giving to residents and patients so that they can freely make their own decisions. Their consent is systematically requested for all courses of treatment.

At the same time, different measures are developed within the Group to encourage teams to listen attentively and kindly and to put the resident's or patient's concerns first, as set out in the chapters below.

4.3.4.1 CONSTANT DAILY DIALOGUE

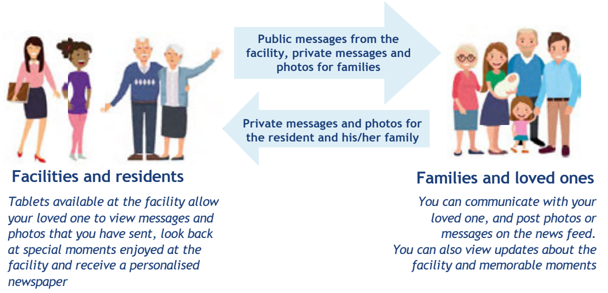
The teams are made aware of the importance of paying special attention to the needs and expectations of residents, patients and their loved ones in all circumstances. Every effort is made within each facility to conduct a constructive dialogue based on the following bodies:

- residents' councils (known in France as "*conseils de la vie sociale*", for example). These councils are composed of management representatives, residents and families. They meet to discuss different topics such as organisation and daily life within the facilities, socio-cultural activities and therapeutic activities, as well as construction work and new equipment planned, and maintenance aspects;
- catering and entertainment committees, which focus more specifically on a subject related to life within the facility and allow for a more in-depth discussion of the topic than the residents' council. Residents and the relevant field teams take part in the meetings;
- user committees, which comprise patient representatives from hospitals belonging to approved health associations. Their role is to ensure that patients' rights are respected and to contribute to the improvement of the accommodation and care policy by reviewing complaints made by patients and patient satisfaction indicators.

In 2021 and in view of the ongoing Covid-19 epidemic, facilities continued to encourage the proactive communication practices with families and loved ones that had been put in place in 2020 to stave off isolation as much as possible during lockdowns through:

- regular information for relatives through letters and emails regarding the facility's situation regarding the pandemic, life within the facility (entertainment, meals, etc.) and how it was taking care of their loved ones;
- introduction of new communication methods to maintain social bonds: tablets, video calls, communication apps (messages, photos, etc.).

Attentive and committed to strengthening this dialogue and transparency with families, the ORPEA Group will strengthen the mechanisms for maintaining social bonds by 2023, in the form of:



- **ORPEA Family app**: as part of its initiatives to enhance communication with families, the Group has developed an app currently used in France and being trialled in Belgium, Ireland, Spain and Austria. The app accompanies families in their journey with ORPEA and involves them in key moments such as admission, changes in health, daily life and end of life. It is aimed at maintaining and strengthening links between residents and their families, to proactively include family members in life at the facility and to train and support them in understanding this new stage;
- **meetings with families**, or family councils mirroring residents' councils in France: periodic meetings that foster important dialogue between the facility team, the residents and their families. These are in place in Spain, Latvia, Italy and Poland.

In hospitals, it is more difficult to establish relationships with families because some patients do not want to or are only staying for a few weeks. For this reason, other solutions are being considered, for example in France, where a project to partner with user associations, representing patients, has been launched and will be rolled out over 2022.

2023 CSR objective

The ORPEA Group will be introducing a system in all countries aimed at involving families more closely in life within a facility, improving the quality and transparency of the information provided, and maintaining the social bonds that are such a vital part of caring for residents and patients.

2021 progress report

At 31 December 2021, 58%[1] of the Group's countries had set up a system to enhance dialogue with families through apps, committees, mediation and partnering with patient associations.

(1) *The scope of the facilities is as follows: all countries with facilities caring for frail residents or patients (excluding assisted living facilities and rehabilitation centres where the beneficiaries are autonomous, excluding home care services). Excluded: clinical activities where the patient is autonomous, assisted living, home care and outpatient units.*

4.3.4.2 ACTIVE LISTENING THROUGH REGULAR SATISFACTION SURVEYS

For more than 20 years, the ORPEA Group has been tracking the satisfaction of its residents and patients through regular surveys. The Group believes that it is essential to understand their expectations so it can identify the corrective measures needed and the priority areas to work on with the teams in the facilities.

To this end, the Group has adapted the satisfaction survey for each of its businesses (nursing homes, hospitals and home care services) and rolled it out it in all Group facilities.

BE WELL
IMPROVING TOMORROW BY ORPEA GROUP

SATISFACTION SURVEYS
Residents, families and patients

Annual satisfaction surveys
Nursing homes
Assisted-living facilities

Regular satisfaction surveys
Hospitals
Home care and services

30,641 questionnaires processed
Satisfaction rate: **90%**
Recommendation rate: **93%**

Hospitals
81,062 questionnaires processed
Satisfaction rate: **89%**
Recommendation rate: **94%**

Home care services
1,173 questionnaires processed
Satisfaction rate: **93%**
Recommendation rate: **89%**

Hospitals

In hospitals, these surveys are carried out during the patient's stay or when they are discharged. In Austria, for example, hospitals chose to use a survey company to call patients a few days after discharge. All patient satisfaction questionnaires have the same overall structure and measure five key indicators, with each country given the option to adapt some questions to best take into account patient expectations and the type of healthcare facility. The completed questionnaires are analysed at meetings by the management team and the heads of the hospital departments, and lead to action plans where necessary. The following subjects are covered:

- overall impression of the stay (general satisfaction);
- satisfaction with care;
- satisfaction with catering;
- satisfaction with the care team;
- whether they would recommend the facility.

Hospitals	Number of respondents	Response rate	General satisfaction rate*	Satisfaction with care	Satisfaction with catering	Satisfaction with the care team	Recommendation rate**
2020	65,224	54%	88%	/	/	/	92%
2021	**81,062**	**63%**	**89%**	**87%**	**80%**	**89%**	**94%**

* *Hospitals measure satisfaction on four levels: "very satisfied", "satisfied", "unsatisfied" and "very unsatisfied" – except in Germany, where they use five. This result includes the response rate of the first two levels of satisfaction out of all the responses given. The satisfaction rate regarding care, care teams and catering have only been consolidated since 2021.*

** *The recommendation rate is measured on three levels: "Yes, definitely", "Yes, maybe", and "No". This result includes answers for "Yes, definitely" and "Yes, maybe".*

Nursing homes

In nursing homes, a satisfaction barometer is carried out annually by an independent external company specialising in surveys. In 2021, more than 61,000 Group residents and family members were surveyed. Two channels of collection were used to make sure each resident or legal representative could respond to this satisfaction survey:

- digitally, with an email sent directly by the external company via a digital platform;
- on paper, including the delivery of a prepaid envelope addressed to an external address so that the questionnaire, once completed, was not returned to the facility.

To ensure total objectivity, strict instructions are given to the facilities so that no help from the team is given to the residents in filling in the questionnaires. And, to provide an even higher degree of reliability, the external firm is responsible for checking that similar entries are not found on several questionnaires from the same facility. If doubts arise, a report is made to the Group's Quality department, which investigates and decides whether or not to withdraw these questionnaires.

In nursing homes, the annual satisfaction barometer measures the quality of the services provided according to nine criteria, in addition to measuring the consideration given to the resident and the confidence in the care provided:

- reception;
- the facility;
- staff;
- care;
- meals;
- bedroom;
- accessibility;
- information;
- activities.

The survey also measures overall satisfaction and asks residents and family members how likely they would be to recommend the nursing home to an external person. In 2021, 50.4% of residents and families responded to the survey. More than 90% of them said they were satisfied or very satisfied and more than 93% said they would be likely to recommend ORPEA facilities to friends or family.

Processing the results is a key part of the satisfaction survey. The management teams at each facility receive a detailed report of the ratings. An action plan is then worked out with all facility staff. All the residents and their families are then invited to a feedback meeting where the results of the survey and the areas for improvement worked on by the team are presented. This is an important opportunity for discussion at the facility and helps set the tone for the year to come.

Nursing homes	Number of respondents	Response rate	Digitisation rate*	Type of respondents (% residents)	General satisfaction rate[1]	Percentage of facilities with an overall satisfaction rate <90%	Recommendation rate[2]
2020	27,424	55.4%	30.5%	/	92%	/	95%
2021	**30,641**	**50.2%**	**48.2%**	**30%**	**90%**	**20%**	**93%**

** In 2021, the satisfaction survey could be filled in digitally in 11 of the 15 countries involved in the nursing home business. However, the participation rate was lower than for the paper version (42%). As a result, the participation rate decreased in 2021. In 2020, only a pilot version of the digital satisfaction survey was rolled out in France. In 2021, it was rolled out across the ORPEA network with the exception of Latvia, Mexico, Brazil and Uruguay.*

(1) Satisfaction is measured on four levels: "very satisfied", "satisfied", "unsatisfied" and "very unsatisfied". This result corresponds to the sum of "very satisfied" and "satisfied" responses.

(2) The recommendation rate is measured on three levels: "Yes, definitely", "Yes, maybe", and "No". This result includes answers for "Yes, definitely" and "Yes, maybe".

■ Satisfaction criteria – Satisfaction rate

Nursing homes	Reception	Facility	Staff	Care	Meals	Room	Accessibility	Information	Activities
2021	**95%**	**96%**	**89%**	**88%**	**87%**	**89%**	**94%**	**91%**	**85%**

Home care services

For home care services, each country or subsidiary organises its own satisfaction survey, either as a questionnaire or a digital survey. They were rolled out for the first time in 2021. As for the other businesses, the survey assesses the recommendation rate and general satisfaction with the service, but also looks at specific areas such as relationship with the home care services agency and quality of the provider. The response rates were 33% and the overall satisfaction rate was 93%.

Home care and services	Number of respondents	Response rate	General satisfaction rate	Recommendation rate
2021	**1,173**	**33%**	**93%**	**89%**

4.3.4.3 HANDLING COMPLAINTS

In each country, a procedure has been established for handling and following up on complaints, whether they come directly from the patient, resident or their family. There are several channels for complaints: they may be made directly to the facility concerned, to regional management, to administrative headquarters or to Group headquarters. Regardless of the channel, complaints are handled as follows:

- acknowledgement of receipt;
- an offer to meet with the resident, patient or family in order to discuss the content of the complaint;
- a letter of response to reiterate the points raised during the physical meeting;
- information sent to teams on the areas to be improved;
- overall analysis of the reasons for complaints by the country Quality departments to establish larger-scale improvement plans;
- feedback to the Group's management in the event of major complaints concerning the health of residents and patients and their care.

In 2021, the complaints rate was 0.3% (number of complaints in relation to the number of residents and patients in 2021). For the Group as a whole, the complaints rate for 2021 was lower than in 2020. This is partially explained by the looser restrictions linked to Covid-19 than in 2020, leading to fewer complaints from families. Particular attention should be paid to verbal complaints, which are not yet always systematically tracked, even if corrective measures are taken by the facilities.

Since the publication of a book, at the end of January 2022, containing allegations of wrongdoing, particularly in facilities operated by the Group, the number of complaints received has increased significantly.

	Complaints rate[1]
2020	0.54%
2021	**0.31%**

(1) The rate is calculated on the basis of complaints received outside facilities.

Caring for frail and vulnerable people in facilities can lead to relational difficulties and even conflicts that the company may find difficult to manage, despite the many discussions held. Following the crisis in 2022, the Group decided to set up a listening platform and an external mediation system so that residents, patients and families can contact a neutral external third party to settle a dispute or conflict.

A mediation system external to the Group

In 2019, the ORPEA Group implemented a mediation process in Austria. Assisted by University Professor Gregor Wollenek, the programme, which is available to facility directors, residents and families, helps each party to re-establish calm dialogue and find a satisfactory response to points deemed to be conflictual. In 2021, 80 mediations were conducted in Austria. Following the success of the system and the publication in January 2022 of a book containing allegations of wrongdoing, the Group decided to extend the programme to other countries, in particular in line with its CSR strategy. Accordingly, in 2022, the Group will set up a mediation programme in France, in line with the required guarantees of independence.

4.4 Providing an attractive environment that promotes employee engagement and development

Employees are at the heart of the Group's operations. ORPEA's responsibility is to support them in the face of common challenges such as health and safety, training and career development and, overall, to continuously improve the quality of working life. In a care and service profession, taking care of staff is a fundamental requirement for providing quality service and care.

2023 COMMITMENTS

STRENGTHENING COMMITMENTS to health and safety by setting objectives to reduce the frequency of work-related accidents by **15%**

CARRYING OUT AN EMPLOYEE engagement survey every 2 years and maintaining or improving levels of employee satisfaction

50% of key Group managers (regional directors, facility directors and head nurses) are **promoted internally**

10% of employees have obtained a **certificate** or **recognised diploma**

2021 RESULTS

Frequency rate of work-related accidents is 31.8, representing a **decrease of 16%**

Achievement of an initial **overall commitment rate of 65%**

41% of key positions are filled **by employees hired internally**

8% of employees have obtained a **diploma** or **certificate**

Overview of challenges

In order to offer quality care solutions and meet the new expectations of employees in terms of management and working conditions, the Group implements its human resources policy at all levels, collaborating with each country in order to respond to local needs. The policy addresses the following issues:

- strengthening **the attractiveness of its professions** and continuously improving the applicant experience during recruitment;
- ensuring that **working conditions** not only guarantee the **health and safety of employees**, but also improve their **well-being**, in particular by enabling work-life balance;
- **developing talent** and **training** for an engaging employee experience;
- promoting **social dialogue** in accordance with local regulations;
- encouraging **diversity and inclusion** to respect and meet the specific needs of each employee.

4.4.1 GROUP PROFILE

4.4.1.1 VALUES

The ORPEA Spirit

Reaffirmed in the Code of Conduct, the Group's values and principles guide each employee in their relations with all stakeholders and become a shared language that is used daily. These values help spread the "ORPEA Spirit" in all the Group's host countries.

Professionalism

Solid professional skills are combined with a strong sense of responsibility and a consistent focus on the quality of services provided, both individually, through the diligence and commitment of each individual, and collectively, through the implementation of effective procedures, quality policies and training.

Loyalty

Demonstrate integrity and exemplary behaviour, respecting commitments to all stakeholders for trustworthy, healthy and sustainable relationships.

Compassion

Forging a trust-based relationship with vulnerable people and their families is founded on a daily commitment to positive treatment that is respectful, empathetic and always compassionate.

Humility

"Humans are imperfect, and dependent beings, who unceasingly aspire after something better and greater." - René Descartes. Since people are at the heart of the Group's work, it is essential to accept imperfections and commit to a process of continuous improvement.

Compliance with international human rights and labour standards

In its Code of Conduct, the Group reaffirms its commitment to respect universal human rights and labour standards. In accordance with its international commitments under the United Nations Global Compact, ORPEA is committed to:

- respecting and promoting human rights, in accordance with the Universal Declaration of Human Rights of 10 December 1948 and the United Nations Guiding Principles on Business and Human Rights of 16 June 2011.

Because of its global presence, ORPEA pays particular attention to:

- the subjects covered by the fundamental Conventions of the International Labour Organisation (prohibition of undeclared work, child labour and forced labour, non-discrimination, respect for freedom of association and collective bargaining);
- promoting diversity;
- fighting all forms of discrimination;
- respecting women's rights.

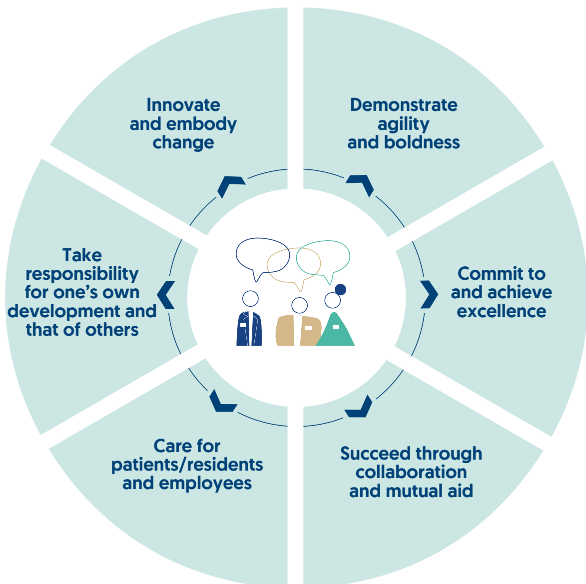
4.4.1.2 SKILLS MODEL

Since 2019, in addition to professional skills, the Group has been placing emphasis on behavioural skills which are in line with its values. The ORPEA model of six key skills is the common reference for all the Group's functions and countries, and brings together the essential skills needed in the care and service professions to support residents and patients.

Jointly designed by the Group Human Resources and Operations departments, the model serves to underpin all HR processes. It reflects the Group's values at all levels and in all standards of its activities with regard to:

- **quality:** by applying an ongoing improvement approach to procedures;
- **ethics**: by incorporating the questioning of practices;
- **social policy**: by supporting employees in their development, in particular through certification-based training.

■ ORPEA Skills Model



4.4.1.3 KEY FIGURES

Workforce and working hours

The total number of employees was 71,676 at end-2021,which is 2,785 more than at end-2020, representing a 4.04% increase. This increase is partly attributable to the opening of new facilities and partly to the acquisitions made by the Group in 2021. 58% of the Group workforce are care staff.

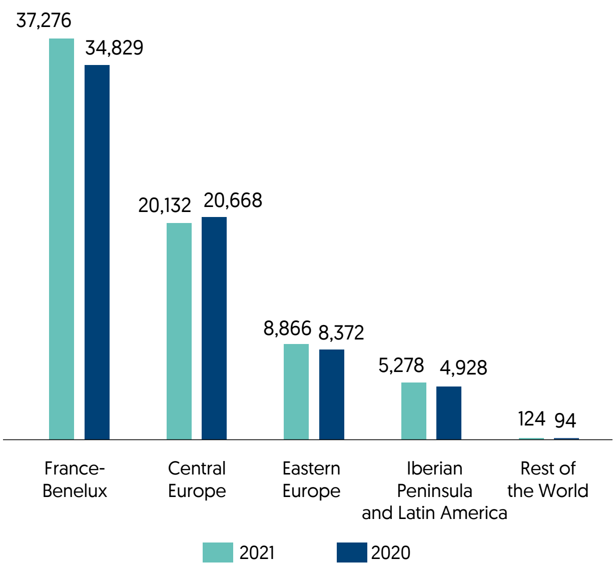
71,676
employees, i.e., a 4% increase in 2021

- **Changes in the workforce structure**

	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
Indicator	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Workforce*	71,676	68,891	37,276	34,829	20,132	20,668	8,866	8,372	5,278	4,928	124	94
Permanent contracts	80%	80%	80%	81%	76%	76%	87%	85%	83%	85%	29%	7%
Fixed-term contracts	20%	20%	19.6%	19%	24%	24%	13%	15%	17%	15%	71%	93%
Full-time	59%	58%	69%	70%	37%	36%	50%	49%	88%	88%	100%	100%
Part-time	41%	42%	31%	30%	63%	64%	50%	51%	12%	12%	0%	0%

* *Individuals employed at 31 December with all types of contracts.*

- **Change in the breakdown of employees by geographical area between 2020 and 2021**



ORPEA pursues a policy that aims to give all its staff job stability and security in all the countries in which it operates. This employment policy favours permanent employment contracts. For example, the percentage of employees working full time and those working on a permanent contract was 59% and 80% respectively.

In 2022, the Group will continue its efforts to increase the number of employees with permanent contracts.

80%
of contracts are permanent

Turnover rate

	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
Indicator	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Workforce*	22.14%	20.39%	20.34%	18.72%	25.06%	22.89%	23.57%	19.56%	20.82%	23.48%	40.38%	3.57%

* *Individuals employed at 31 December with all types of contracts.*

The turnover rate includes both the number of employee departures and the number of new hires. In light of the Group's strong growth, this rate is impacted by expansion in the various geographical area, both through the opening of new facilities for which a large number of employees need to be recruited and acquisitions of existing facilities leading to the integration of existing staff.

In 2020, due to the postponement of facility openings and acquisitions, and the decrease in the "natural" movement of employees as a result of the Covid-19 waves, the Group turnover rate fell sharply compared to 2019. In 2021, thanks to the resumption of development activities and the more stable pandemic situation, the turnover rate increased slightly from 20.4% in 2020 to 22.1% in 2021, while remaining lower than in 2019 (pre-pandemic reference: 22.8%).

The Group is committed to sustainable and long-term employment. Therefore, regardless of whether a facility is being opened after construction, transfer or acquisition, the Group does its utmost to maintain or even develop local jobs and to respect or even improve working conditions.

Several factors may influence turnover. The Group uses the following levers:

- **training to upskill** employees so as to motivate them and build loyalty;
- **a career plan** to give employees the opportunity to progress and remain within the Group through **internal promotion** matched to their personal and professional aspirations. Given the high mobility of care staff, the support and development of teams remains a key issue for the ORPEA Group;
- **workplace health and safety** to provide a safe working environment.

The Group has committed to these levers in its 2023 CSR roadmap.

Absenteeism rate

	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
Indicator	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Absenteeism rate	8.7%	9.2%	9.6%	10%	7%	7.8%	7.2%	6.1%	11.3%	14%	2%	3.9%

The Group's absenteeism rate increased in 2020 due to the health crisis as well as compliance with country legislation and health protocols, but decreased again in 2021 to 8.7%.

Remuneration

(in millions of euros)	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Remuneration	2,535	2,305	1,523	1,328	638	617	264	242	108	116	2.5	2.1

The increase in payroll costs mainly reflects facility acquisitions and openings. In 2021, for example, Ireland and the United Kingdom were added to the France-Benelux area.

Recruitment

Professional bodies and training schools

Partnerships with schools are key in implementing the Group's recruitment strategy. The partnership policy is applied at all levels: locally, nationally and internationally. In France, for example, national partnerships have been signed to enable interns and students on work-study programmes to find nursing and care assistant placements close to where they live. In Germany, local and regional partnerships have been set up with 160 schools.

Regarding management, the Group focuses its recruitment policy on identifying particularly promising or specific profiles by forging partnerships with renowned training schools and universities. These partnerships also enable ORPEA to present and promote its business and career prospects to final-year undergraduates or postgraduates at conferences, business forums and recruitment fairs, or offer them jobs or internships. Such events are organised by the Human Resources department of all of the Group's various geographical areas in response to local needs and realities.

Social commitment through cooperation with local players

The Group also collaborates with local employment players in all countries. The health crisis has made these collaborations more important because of the shortage of care staff and the increase in unemployment in certain accommodation-related professions. In Belgium, for example, local and national initiatives have been implemented to train or redirect employees from other sectors to the healthcare sector. In Austria, ORPEA organises and finances "care as a chance" training courses for the care profession in cooperation with the national employment agency. This training takes place at Group facilities. Over 800 applications have been received since the campaign was launched in May 2020. In France, similar initiatives are being pursued with the *Pôle emploi* (the government job centre), *Forces femmes* (a non-profit that helps women over 45 to return to work) and *Nos quartiers ont du talent* (a non-profit that helps young people find their first job or create a career plan).

New tools for recruitment teams

The Group is continuing the gradual roll-out of a digital recruitment solution to improve the applicant experience and optimise the management of applications in all its countries of operation. After its launch in France in 2019, the solution was deployed in Austria in 2020 and the project was launched in Germany, Portugal, Poland and in Latin America in 2021.

firstbird

The health crisis has strongly impacted the Group's participation in schools and job fairs and has prompted it to adopt new approaches such as job-dating platforms. For example, in Austria, *First Bird* was implemented to allow employees to answer applicants' questions directly, thus creating a peer support system.

15,673

employees were hired on permanent contracts in 2021, representing a 14.6% increase

■ **Permanent contract recruitment by geographical area between 2020 and 2021**

	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Staff hires (on permanent contracts)	15,673	13,674	7,726	6,171	4,376	4,211	2442	2280	1,097	1,012	32	0

4.4.2 MONITORING THE HEALTH, SAFETY AND WELL-BEING OF EMPLOYEES

ORPEA is committed to upholding international standards of employee health, safety and well-being and has reaffirmed this in its Be Well programme and in its Code of Conduct. As part of the Improving Tomorrow roadmap, a target of a 15% reduction in work-related accidents was set.

4.4.2.1 PROMOTING SAFETY AT WORK AND PREVENTING WORK-RELATED RISKS

The methodological approach implemented by the Group follows the proven pattern of identifying at-risk work situations, analysing their causes, developing corrective actions and having operational or cross-functional management teams monitor them.

Monitoring work-related accidents

The work-related accident frequency rate is one of the main ways to measure the effectiveness of action plans implemented for employee health and safety.

In 2021, the work-related accident frequency rate was 31.77, which is lower than in both 2020 (37.91) and 2019 (33.9). Frequency rates were particularly high in 2020 due to the health crisis. Authorities in several countries such as Spain, Italy, Germany, Switzerland and Austria decided that sick leave days due to Covid-19 should be considered work-related accidents. In France, in line with national practices, sick leave days due to Covid-19 have not been classified as work-related accidents. Consistent with the sector as a whole, the Group saw a sharp downturn in the number of sick leave days in 2020, due in particular to the isolation of residents and patients in their rooms or on floors, which significantly limited staff movements and resident transfers, thereby reducing the number of work-related accidents. In 2021, the frequency rate in France increased but remained lower than in 2019. The Group's severity rate remained stable between 2020 and 2021.

As part of the Improving Tomorrow roadmap, Human Resources departments in the Group's countries analysed their initiatives regarding workplace health and safety and drew up specific action plans in coordination with the relevant business lines. All of the Group's countries are mobilised on this key issue while strictly complying with national regulations. In 2022, the Group will adopt an even more ambitious policy to reduce work-related accidents, which will be driven and embodied by its Executive Management.

2023 CSR objective

ORPEA is stepping up its commitment by targeting a 15% reduction in work-related accidents compared to 2020.

2021 progress report

At 31 December 2021, the work-related accident frequency rate was 31.8, representing a 16% decrease compared to 2020.

■ Work-related accidents (frequency and severity) between 2020 and 2021

	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Frequency rate	31.8	37.9	41.7	36.5	19.6	36.6	15.5	29.6	35.4	61.3	16	12.4
Change in frequency rate	-16.2%		+14.3%		-46.5%		-47.5%		-38.1%		+28.8%	
Severity rate	1.9	1.9	3.1	3.0	0.8	0.8	0.4	0.6	1.2	1.0	0.2	1.0

Identifying and preventing workplace risks

A comprehensive risk mapping and analysis is carried out in each country to identify the risks an employee may face at work. Workplace risk categories are assessed based on work units and characterised in terms of the hazards identified, the situations that can lead to them and the control measures in place. The major risks identified are musculoskeletal disorders, falls, and psychosocial risks, which are cross-cutting and common to all work environments.

In order to prevent and mitigate these risks, each country deploys different measures and actions based on several priorities:

- **organisation of work**, by respecting lunch times, regularly assessing workload, communicating weekly or shift work schedules several weeks in advance to facilitate work-life balance;
- implementation of **emergency procedures**. Employees are regularly trained in all of these emergency procedures. At the same time, staff are informed of the preventive action to be taken in all circumstances to limit the occurrence of a serious event. There is also an alert and on-call procedure;
- **the presence of an on-site safety correspondent** in most countries, who works in tandem with the facility director and is responsible for coordinating the monitoring of prevention, on-site actions and raising the awareness of teams about workplace risks;
- **protection of teams:** through vaccination against Covid-19 (90% of the Group's employees are vaccinated, including 100% in France); and through investments in specific equipment (in particular, medical devices to reduce physical workload and improve the comfort and safety of employees, patients and residents). Employees are trained in the use of this equipment, which is adapted to their needs. A policy is also in place to provide support in the use of available equipment to make sure it is not under-used;
- **staff training:** this includes training offered in all Group countries on the prevention of musculoskeletal disorders, infectious risks, the use of equipment, the management of highly emotional work situations, etc.;
- **building design:** risk prevention is taken into account as soon as plans are drawn up for a new building, or whenever an existing building is about to undergo major refurbishment or an extension. This is a key priority for the Group and part of its strategy to improve working conditions. Adapting premises to meet the needs of people with disabilities, designing rooms equipped with rails to facilitate handling and premises suited to logistical activities are factored into the specifications for the construction of facilities. The smooth flow of paths and movements of people are also the subject of specific study. To promote well-being at work, staff areas are designed for relaxation as well as socialising during meal breaks;
- setting up **health and safety committees and analysing work-related accidents:** this is done in accordance with local regulations. In Spain, for example, a Health, Safety and Environment (HSE) management system ensures that the HSE policy is implemented through regular controls and measurements in each facility. The HSE Committee, which comprises staff representatives, meets at least four times a year and its members receive at least 30 hours of specific training per year;
- **involvement of management** is crucial in the implementation of any initiative. This is why all managers are regularly made aware of workplace health and safety issues as of the moment they arrive.

By 2021, more than

63,557 hours

of training on health and **safety** within the Group

Preventing psychosocial risks

The psychosocial risks to which the Group's employees are exposed are identified within the framework for preventing occupational hazards and include everything related to stress as well as external and internal conflicts. The following risks are common to the work situations faced by employees:

- heavy workloads which can lead to burnout;
- intense emotional situations resulting from contact with patients, fragile residents or those suffering from severe behavioural disorders;
- conflicting social relationships within the facility leading to in-house aggression (with another employee) or external aggression (with someone outside the company), or harassment;
- internal conflicts related to one's value (a feeling of undertaking unnecessary tasks or not doing enough);
- organisational changes (changing teams, moving to a new premises, acquisition, restructuring, change in management).

Managers and team leaders are trained on how to prevent these specific risks (in particular as part of their onboarding), how to deal with workplace events that may lead to them, and how to raise teams' awareness. In France, for example, the Psychology department conducts training on this topic with more than 20 courses available. A special training course on psychosocial risks during the Covid-19 crisis was also provided in 2021.

Specially adapted external or internal training may be offered for individual or collective situations that may trigger intense emotions (death, violent situations, etc.). Many of the Group's countries have emergency intervention units in several formats. During the Covid-19 crisis, a specific system was implemented to enable the Psychology department to provide sessions to small groups, psychological support interviews, on-site support groups, and an on-site psychologist assigned to the facility to support employees over several weeks. These sessions were voluntary and were maintained to varying degrees in 2021. For head office staff working remotely in the Group's different countries, specific programmes to facilitate their return to the office were implemented. Trade union agreements have been signed in some countries (see section 4.4.2.3). A medical hotline was also set up in France for confined or isolated employees.

4.4.2.2 NURTURING QUALITY OF LIFE IN THE WORKPLACE

Since its inception, ORPEA has always endeavoured to provide safe environments conducive to a high quality of life in the workplace.

This policy is applied at Group level, but in particular locally according to local needs and cultures. These efforts meet two objectives:

- **work-life balance**: in Austria, for example, employees enjoy flexible working hours based on their situation (parents of young children, older employees), allowing staffing levels to be maintained. In Spain, ORPEA set up a shift system of seven hours per day plus weekly time off for a better work-life balance. In France, childcare solutions are offered to new parents under a partnership with childcare centres. Taking care of employees' children during heat waves, for example, gives staff a sense of calm and spares them the trouble of having to suddenly look for childcare on days when schools are closed;
- **employee well-being**: sophrology, relaxation and stretching sessions, free breakfasts and use of a gym are all initiatives that help create a pleasant working environment.

The Group also pays particular attention to the work environment: spacious, comfortable and well-equipped break rooms, building design that maximises natural light, and adapted workstations and workrooms.

In 2021,

68%

of employees said they were **satisfied with their work-life balance***

* *Results of the 2021 employee engagement survey.*

4.4.2.3 STRENGTHENING EMPLOYEE DIALOGUE

Depending on the legislation, employee dialogue can take place at different levels, both nationally or at each facility. In this respect, the choice of themes is made independently in compliance with local regulations. Trade and employee representatives meet at the initiative of the company at a frequency determined by local law.

The Group involves local employee representative bodies (works councils or committees, trade union representatives) in its development. This local approach is intended to best respond to the specific needs of its employees and its different activities.

Upon publication in January 2022 of a book containing allegations of wrongdoing, external and internal investigations ensued which led the Group to set objectives to improve the quality of employee dialogue, particularly with employee representatives, and to strengthen employee dialogue at the local level. In France, for example, the French employee representative bodies (*Instances Représentatives du Personnel*) would need to be restructured.

At the same time, a first international agreement was signed with UNI Global Union in April 2022 on ethical employment, employee dialogue, collective bargaining and trade union rights.

In addition to the above, the following three paragraphs provide an overview of employee dialogue within the Group.

Collective bargaining agreements

Collective agreements are signed regularly (every three years), with varying scopes, in line with employee consultation and the local regulations in force, particularly in the following areas:

- quality of life at work, including the promotion of a work-life balance;
- remuneration, management of working hours and rest periods;
- reducing difficult working conditions;

- incentives, bonuses and profit-sharing;
- health, life and disability insurance;
- promoting the inclusion of target groups such as people with disabilities and older workers.

The various themes of these agreements are adapted across the European operations in line with each country's own legislative framework. In Spain, for example, a major three-year agreement was signed in May 2021 that applies to all employees and covers diversity and inclusion, recruitment, career development and training, work-life balance, prevention of all forms of harassment and discrimination, as well as ensuring health and safety at work.

Around
85%
of employees **covered by a collective scheme** at country, Group or local level

In France, a major collective agreement was also signed in June 2021 to renew and improve commitments to quality of life in the workplace as well as professional equality. To effectively promote well-being at work, various measures such as more flexible work hours (including remote working) have been put in place to ensure better work-life balance, including measures related to parenthood. Strict and close monitoring of workplace risk prevention and related action plans are also emphasised to better control daily risks and improve employees' working conditions.

The Group operates in 23 countries and aims to ensure that all employees are covered by collective bargaining agreements, particularly with regard to key issues such as wages, working hours and working conditions. To date, national laws vary and do not always provide for an agreement in the healthcare and nursing sector. France, Belgium, Spain, Italy, Austria and other countries have such agreements. There is, however, no such agreement in Ireland. A collective agreement is in force for hospitals in Portugal, but is still being negotiated for nursing homes. In Germany, collective agreements may be negotiated at facilities where Works Councils have been set up, which means at approximately half of them.

The Group strives to ensure that its employees are at a minimum covered by a collective agreement in almost all the countries where it operates.

In cases where the Group is unable to negotiate an agreement due to the lack of labour representatives, it makes unilateral commitments to improve the quality of employees' work life. The Group is committed to ensuring the best conditions for negotiating collective agreements everywhere, and to ensuring the effectiveness of labour relations in each country. For example, in Poland, an agreement was recently signed with trade union representatives to ensure smooth daily interactions between employees, local management and union representatives.

Trade union diversity

The Group currently works with more than 20 trade unions in different countries. Trade union representation may vary depending on electoral cycles.

The Group's trade union landscape is diverse, and among all the trade union players that exist in the healthcare and nursing sector, many partner organisations derive from conventional national federations or independent trade unions, such as:

- *Confédération générale du travail, Union nationale des syndicats autonomes* and *Arc-En-Ciel* in France;
- *Comisiones Obreras, Unión General de Trabajadores* in Spain;
- *Vereinte Dienstleistungsgewerkschaft* (Verdi) in Germany;
- *Confederazione Generale Italiana del Lavoro, Unione Italiana del Lavoro* and *Confederazione Italiana Sindacati Lavoratori* in Italy;
- *Centrale générale des syndicats libéraux de Belgique, Centrale nationale des employés* and *Syndicat des employés, techniciens et cadres* in Belgium.

More than
20
trade unions
represented in the Group

Staff representation at national and European level

Employee dialogue is now also a challenge due to the new trends emerging at European or even international level among all labour representatives.

In line with the actions implemented in each country and in order to take employee dialogue to a new and higher level, a European Works Council (EWC) has been set up and met for the first time in May 2021. It comprises the works councils of the European countries in which the Group has operations (99% coverage). The EWC deals primarily with transnational issues, and also more broadly promotes experience sharing in areas such as:

- improving the quality of employee dialogue;
- making recommendations on how to resolve sometimes similar cross-border problems;
- enabling the Group to underscore all its values and the prospects of improvement arising from working jointly with elected Council representatives.

The 18 members of the EWC from the various Group countries meet twice a year and are provided with resources to perform their duties (training, time off for trade union duties, expert assistance, etc.), all of which are in the process of being included in a set of regulations.

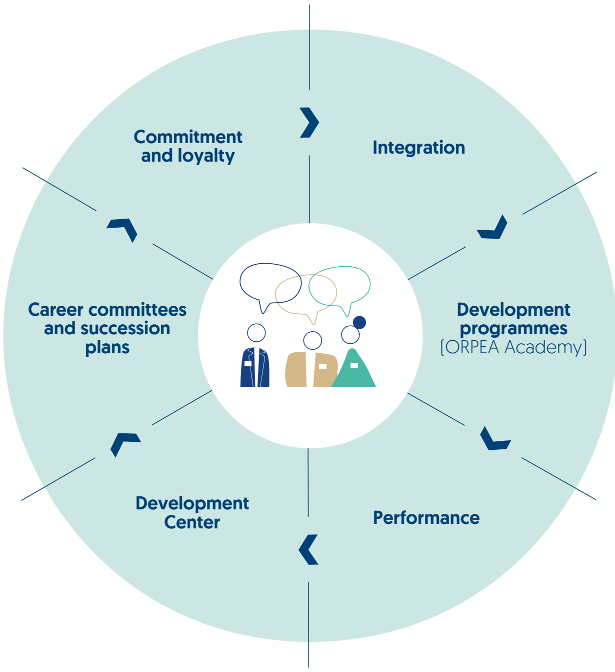
As a result of regular dialogue between its secretary and its members, the EWC has become a working laboratory, in particular thanks to the two permanent working groups currently being set up: one dedicated to labour issues such as employment, training, mobility, gender equality, diversity, etc., and the other to health, safety, occupational risk prevention and quality of life at work.

Also, plenary or cross-team meetings between employees and management are held on a regular basis to share information and further maintain the quality of labour relations. Each employee can choose to discuss a subject of concern with his or her manager or with an employee representative. Employees can also use the whistleblowing platform at any time (see section 4.2.2.8).

4.4.3 RETAINING AND ENGAGING EMPLOYEES THROUGH A DYNAMIC HUMAN CAPITAL DEVELOPMENT POLICY

The Group is continuously improving the employee experience in order to meet the company's strategic challenges and to anticipate changes in skills in a context of strong growth and high demand in the healthcare sector. ORPEA also wants to meet the new expectations of its employees. To do so, the Group has rolled out robust training and development procedures and tools and set ambitious targets. In 2021, the Group created its Boost programme which incorporates specific initiatives and tools to enhance each stage of an employee's career, whilst also focusing on their level of engagement.

■ **Employee life cycle in the Company**



4.4.3.1 ASSESSING AND IMPROVING EMPLOYEE ENGAGEMENT

In 2021, as part of its HR policy and its Boost programme, the Group launched its first employee engagement survey, which was conducted in partnership with a recognised external service provider. Analysing employee engagement serves to better understand their needs and expectations and adapt HR practices accordingly, thereby positioning ourselves as an employer of choice.

An initial pilot survey, conducted in France in early 2021, found that employees had high expectations in terms of remuneration and benefits, as well as highlighting certain strong points: excellent cross-team relationships, clear and effective communication from management, a satisfactory work-life balance, and a sense of carrying out stimulating and interesting work.

This survey was then rolled out to the rest of the Group's countries. It addresses the following issues:

- engagement;
- conditions for success;
- management;
- respect and recognition;
- teams;
- the Covid-19 crisis;
- career, development and training;
- CSR strategy;
- innovation;
- working conditions;
- remuneration and employee benefits.

65%

of the Group's employees **are committed** to ORPEA and are willing to put in some extra effort in their work

(Level of engagement)

67%

of employees say they are well matched to their jobs and enjoy **working conditions that allow them to reach their full potential**

(Conditions for success)

Despite its roll-out at the end of 2021 during the Covid-19 crisis, which increased absenteeism and affected organisation at facilities, the survey saw a participation rate of 52%, with all professions represented proportionally. With scores of 65% for engagement level and 67% for conditions for success, the Group is in line with comparable industry standards.

This global survey also highlighted key strengths such as **motivation at work, a strong sense of teamwork, career, development and training opportunities, and satisfaction with facility management.** Employee expectations mainly focus on remuneration and benefits, working conditions, the culture of innovation, the Group's image and CSR. These issues will be addressed through action plans defined at different levels and rolled out by 2023.

2023 CSR objective

Every two years, the Group carries out an employee engagement survey for all its employees in all geographical areas. These are conducted by an external, independent body. ORPEA is committed to maintaining or improving the level of satisfaction of its employees by 2023, using these barometric surveys to monitor and manage satisfaction.

2021 progress report

The Group rolled out its first employee engagement survey in 2021 and achieved an overall engagement rate of **65%.**

4.4.3.2 PROVIDING CAREER OPPORTUNITIES AND IMPROVING THE EMPLOYEE EXPERIENCE

Developing skills and fostering internal promotion by developing processes and tools

Internal promotion and career development are an important part of the Group's HR policy, through:

- **annual performance reviews**, which are applicable to all employees and are accompanied by specific training to strengthen managerial practices in terms of feedback and the setting of development objectives;
- **talent reviews**, which foresee concrete succession plans for short-, medium- and long-term internal promotion. These reviews were revised and extended in 2021, to include all countries and facility directors, thus increasing tenfold the number of employees with an identified successor. This process has also led to the formation of a pool of key talent around the world;
- **Development Centers**, where high-potential employees identified during talent reviews based on their performance assessments can further develop their profiles by taking into account their ambitions and receiving tailored career support. Individual and collective skills development plans are used to develop human capital so that it meets the Group's challenges and needs.

The Group also supports employees who wish to change jobs through a validation of acquired experience (VAE) programme. The process gives professionals who have been in their jobs for more than two years the opportunity to acquire a diploma. This is the case in France for care assistants who would like to become care workers (300 people will be trained in France in 2022-2023). The Group relies, among other things, on its training schools to support employees in this career development. This is also the case in Poland, where there are specific programmes to train care workers to become nurses.

38%
of directors were promoted internally in 2021

65%
of regional directors were promoted internally in 2021

35%
of head nurses were promoted internally in 2021

2023 CSR objective

To underpin this promotion policy, ORPEA is committed to ensuring that 50% of the Group's key managers (regional directors, facility directors and head nurses) are promoted internally. These managers, who have considerable hands-on experience, are fundamental to the Group's business and work closely with residents, patients and employees alike.

2021 progress report

In all, **40.5%** of regional directors, facility directors and head nurses were promoted internally in 2021.

■ Internal promotions for the positions of regional director, director and head nurse

Geographical areas	Internal promotion rate
France-Benelux-UK-Ireland	45.6%
Central Europe	25.9%
Eastern Europe	42.2%
Iberian Peninsula and Latin America	48.5%
Rest of the World	100%
GROUP	**40.5%**

Development programmes focused on management culture and leadership

To meet the Group's transformation challenges in a strong growth context, and to improve the employee experience and exchanges between peers, managerial development is becoming even more important. In recent years, this has been implemented through the "Future Step" development programme, which is based on employee needs raised during annual interviews, talent reviews or at **Development Centers**. The programme addresses the following:

- **managerial development** through feedback, managerial attitude, leadership or communication;
- **leadership** with the **Be successful as a woman** programme (see section 4.4.4.1);
- **awareness-raising on Corporate Social Responsibility**, including pilot sessions using *La Fresque du Climat* and other workshops to be organised internally with specialised trainers as well as awareness-raising actions on diversity and inclusion;
- **innovation and transformation** with, for example, in France in 2021, a training course for regional directors combining philosophical engineering and managerial practices **"Strengthening and adjusting one's managerial attitude in a changing world"**.

4.4.3.3 A VARIETY OF TRAINING OPPORTUNITIES TO ENHANCE CAREER PATHS AND THE EMPLOYEE EXPERIENCE

Developing, acquiring and maintaining professional skills is key to meeting ORPEA quality standards and to enhancing the employee experience through commitment and recognition. In 2021, the Group continued to build and develop its training offer (adding transversal and behavioural training) and introduced new approaches adapted to a health crisis situation, while expanding its partnerships with training organisations. Despite the disruption caused by the health crisis, the Group was able to increase the number of training hours by 48% in 2021 vs. 2020.

The Group chose to focus on short, highly targeted training courses on the fundamentals of the business (hygiene, care, etc.) to support teams in the field as closely as possible and to adapt to the health conditions and the various measures deployed. The training was primarily prioritised for care workers and accommodation staff, who represent 73% of the Group's workforce.

In 2021,
the Celenus hospital group in Germany was recognised as one of the best German employers in terms of employee training

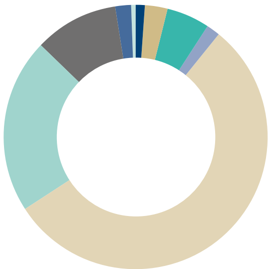
1,017,836
hours of training* offered in 2021, i.e., 14 hours of training per employee and 48% more vs. 2020

* *20% of training is conducted as mini on-site training sessions.*

■ Change in the number of training hours by geographical area between 2020 and 2021

(number of hours)	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Total training	1,017,836	689,226	634,964	419,754	199,060	111,063	73,568	81,361	106,338	72,924	3,908	4,123
Training per employee	14	10	17	12	9	5	8	9	21	14	31	43

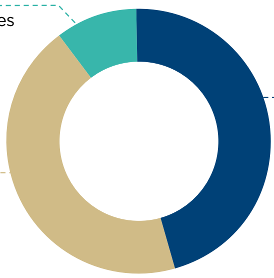
▪ Breakdown of the number of people trained by job type



Number of hours of training completed by employees, broken down by professional category:

- 1.2% – Support functions (headquarters)
- 5.3% – Administration
- 55.0% – Care
- 10.3% – Para-medical
- 0.3% – Pharmacists
- 2.9% – Operational management
- 1.7% – Doctors
- 21.2% – Accommodation and social life
- 2.1% – Technicians/Maintenance

▪ Breakdown of training topics



Developing employees while on the job: business fundamentals

Over the years, the Group has created a range of training programmes to develop skills at all levels. Skills development plans are coordinated at the country level in order to comply with the regulations governing professions, in particular those in the healthcare sector. Most of this training is delivered by experts who have worked in the field and have become in-house training staff. Some courses, taught by external training centres, offer certification or accreditation.

The SeneCura Campus in Austria

This fully integrated training centre consists of:

- the EMG Akademie: a school for nurses and care workers where 580 people from internal and external sources are currently undergoing in-person and digital training to become nurses or care workers;
- an educational consultancy unit to provide guidance and support in career planning with a view to joining the SeneCura subsidiary;
- the new Grafenwörth Campus (construction starting in 2022 for an opening in 2024) for nursing, physiotherapy and applied sciences in collaboration with the IMC Krems University, with some online courses already in place for the integration of foreign staff.

Partnerships with schools aimed at developing skills and providing access to certification and diplomas

ORPEA has designed training courses as well as diploma and certification programmes, by pooling its resources and training content and by partnering with schools and universities.

The Group has created diploma courses for key positions in all countries, particularly for the position of facility director, thereby encouraging internal promotions by giving assistants and successors the opportunity to obtain a diploma.

Managerial development is also a priority with external certification and diploma courses at prestigious universities and schools: HEC for women's leadership launched in 2021, LIUC Business School in Milan, Überlingen University in Germany.

In France, the Group's own schools and training institutes as well as AFPS and DOMEA, and specialised classes in Germany, train students each year to become care workers and care assistants. In 2021, ORPEA France also partnered with a group of schools to launch the first 100% online course for care workers.

The ORPEA Academy is under construction and currently includes a range of initiatives for the training and development of employees. It embodies the Group's policy to promote learning. The purpose of this internal university is to support and design all of the Group's development programmes, training initiatives and schools.

2023 CSR objective

In order to improve the level of qualifications and career prospects of its employees, ORPEA has set a target that 10% of its employees **obtain a certificate and/or diploma.** This target will be adapted to local conditions as diplomas are often recognised on a national or even regional scale. As for certifications, they must be assessed locally in compliance with a demanding Group policy.

2021 progress report

In all, 8% of employees obtained a diploma or certificate in 2021.

▪ Employees having obtained a diploma and/or certificate

Geographical areas	Proportion of employees who obtained a diploma and/or certificate in 2021
France-Benelux-UK-Ireland	5.8%
Central Europe	6.3%
Eastern Europe	7.0%
Iberian Peninsula and Latin America	32.7%
Rest of the World	19.4%
GROUP	**8.0%**

4.4.4 PROMOTING DIVERSITY AND INCLUSION WITHIN THE ORGANISATION

As part of Improving Tomorrow, and more specifically its All In programme, ORPEA views diversity as a fundamental success factor for the Group and therefore places it at the heart of its strategy. Every ORPEA employee, regardless of their qualifications, origin, gender, religion, age, etc., must be provided with the same professional development opportunities. This mindset extends to the very top of the organisation, and the Group continuously communicates these values across the entire management structure and all teams in the field. All guidelines related to inclusion, diversity and non-discrimination are set out in detail in the Group's Code of Conduct – Ethics and CSR, training on which will be provided to all employees by 2023.

4.4.4.1 GENDER EQUALITY IN THE WORKPLACE AND WOMEN IN EXECUTIVE POSITIONS

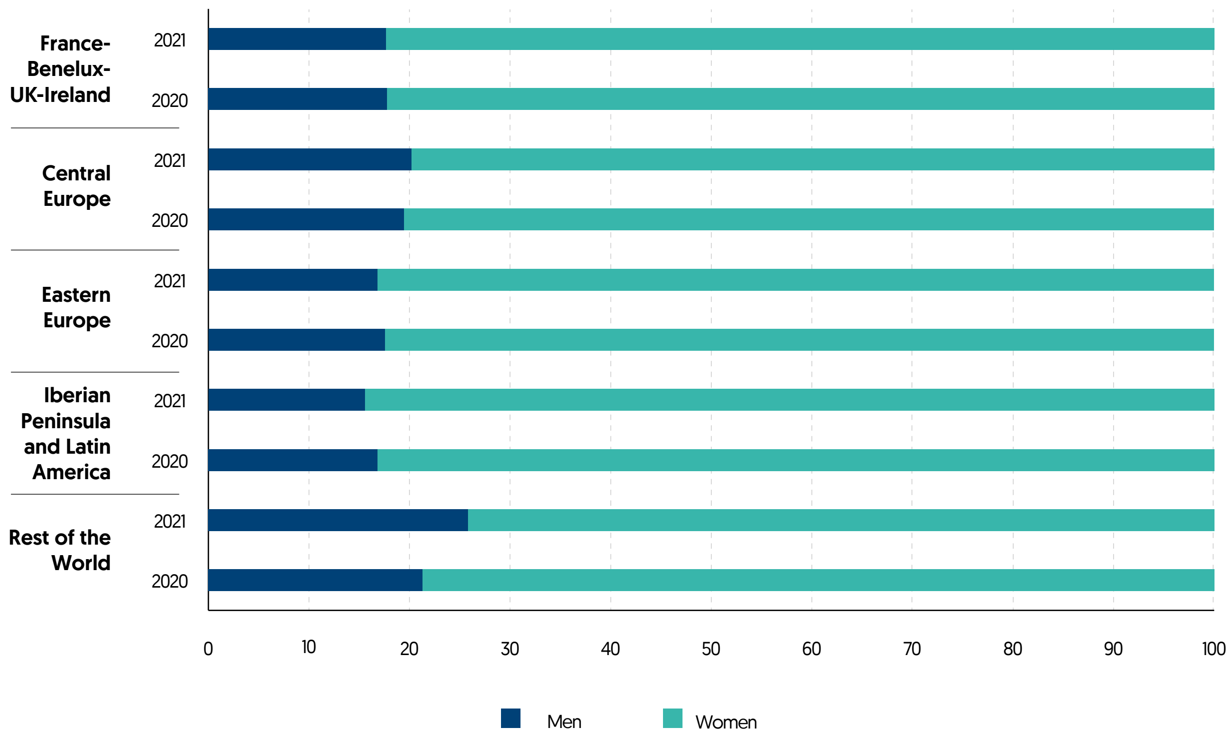
ORPEA focuses on the diversity of its human capital and prioritises skills development across all of its businesses. This approach has created an ecosystem that fosters a gender-balanced environment for employees.

82%
of employees are women

In an ongoing effort to improve gender equality, ORPEA signed the United Nations' *Women Empowerment Principles* (WEPs) Charter in 2021 when it launched the "Be successful as a woman" component of its All In programme.

ORPEA has always had a significant number of women in its workforce, regardless of the country in which it operates. In 2021, 82% of ORPEA's employees were women.

Breakdown of employees by gender and by geographical area in 2020 and 2021



Women's access to management positions and other positions of responsibility is a fundamental component of the Group's talent development policy. Development processes such as Assessment Center reviews and the annual talent review have made it possible to build up a pool of female talent and set up empowerment-oriented support programmes such as coaching, training and mentoring for women managers. The Group is continuing its efforts to empower women through the "Be successful as a woman" component of its All In programme, which is aimed at contributing to the Group's objective of increasing the proportion of women in top management to 50% by 2023. It was launched in 2021 in partnership with HEC, and will be expanded in 2022 through participation in inter-company events and training sessions, and extended to all communities of women in the coming years.

The programme includes:

- workshops on specific topics related to women in leadership positions;
- conferences and participation in inter-company seminars for female managers;
- a progressively larger learning community;
- working groups that also include men working internally and externally for gender equality.

68%
of positions of responsibility[1] are held by women (2 points higher since 2020)

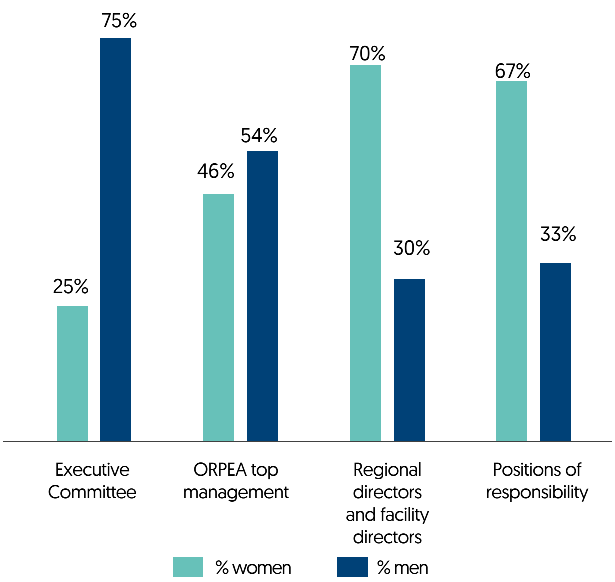
Positions of responsibility[1] held by women, geographical breakdown

	Group	France-Benelux-UK-Ireland	Central Europe	Eastern Europe	Iberian Peninsula and Latin America	Rest of the World
Leadership positions held by a woman (in 2021)	68%	67%	69%	69%	85%	58%

This policy is proving to be effective, as 57% of the 30 promotions to regional and top management positions in 2021 were filled by women. Also, during the 2021 talent review:

- 50% of successors identified for corporate management positions or for CEO were women (up 10% vs 2020);
- 55% of the successors identified for regional director positions were women (6% less than in 2020, as the pool of female talent was promoted in 2021);
- 73% of the successors identified for facility management positions were women.

In its Improving Tomorrow roadmap to 2023, the Group has made a commitment to continue its efforts to achieve gender balance at all levels of the organisation, in particular by further increasing the number of women in its top management.



2023 CSR objective

In line with its commitment to diversity, the ORPEA Group has set a target of 50% women in top management positions.

2021 progress report

As of 31 December 2021, 46% of the Group's top management positions were held by women. In the long term, achieving the target will depend on the proportion of women among the successors and on actions undertaken to widen the pool of female successors.

French Occupational Equality Index

Gender equality is an unwavering point of focus for the organisation, especially in a sector in which women account for the majority of the workforce.

In France, an Occupational Equality Index was set out in Decree No. 2019-15 of 8 January 2019. In 2021, index results were unchanged from 2020 and demonstrate the success of the organisation's focus on gender equality:

- 79 out of 100 for the ORPEA Economic and Social Unit;
- 83 out of 100 for CLINEA SAS.

(1) *"Positions of responsibility" refer to facility directors, regional directors, Executive Management at the country and Group level and management positions, based on the Group's job descriptions.*

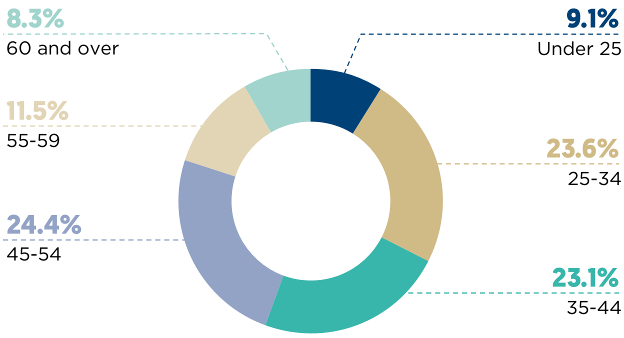
4.4.4.2 LONG-TERM EMPLOYMENT OPPORTUNITIES FOR DIFFERENT GENERATIONS

As part of its recruitment and internal promotion policy, ORPEA pays special attention to diversity in its workforce by undertaking actions and creating partnerships for equal opportunities. As such, the Group promotes the employment of young people and the retention of older workers to ensure knowledge and skills are passed on to the next generation. The Group launched a project in Poland and Spain in 2021 involving internships and university exchanges abroad to promote participation in work-study programmes. In 2021, 8,304 people participated in work-study or internship positions with the Group (of which 3,382 in France, 1,198 in Germany and 1,026 in Austria).

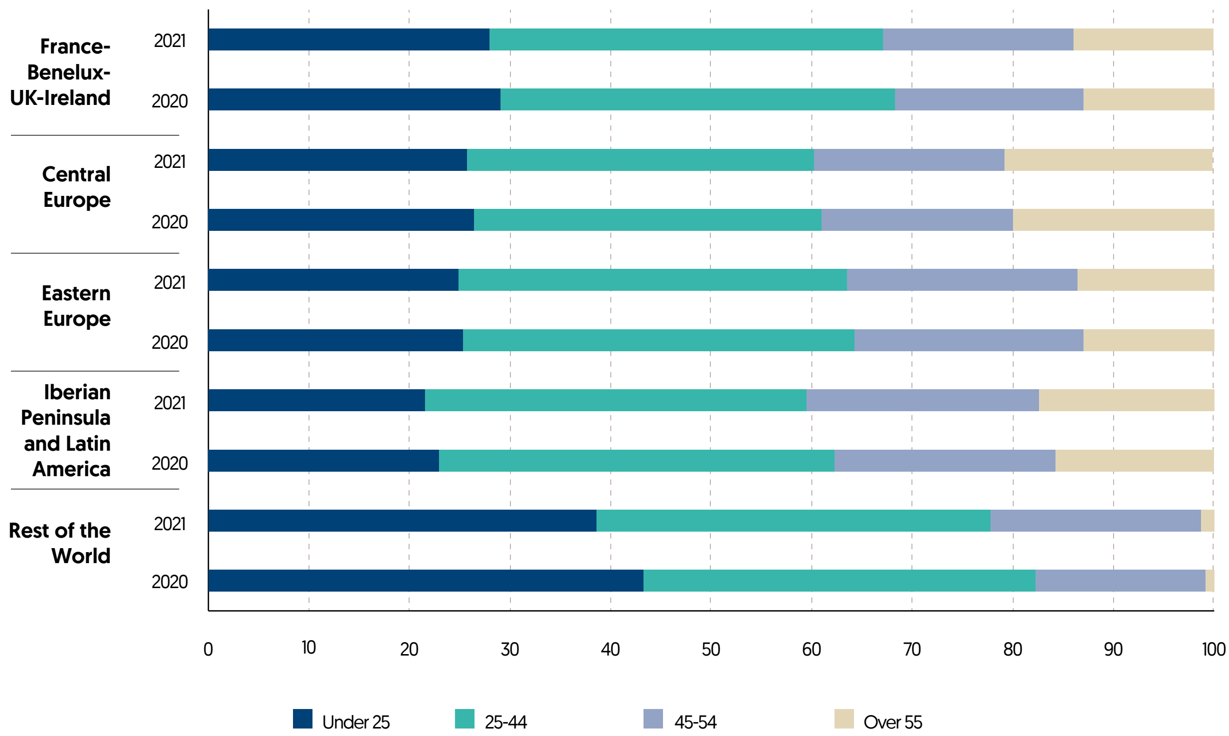
In 2022, France will launch a large-scale work-study programme to train 500 apprentice care workers.

8,304
internships and work-study programmes in 2021

■ **Breakdown of the Group workforce by age bracket**



■ **Breakdown of employees by age bracket and by geographical area**



4.4.4.3 DISABILITY AND EMPLOYMENT

ORPEA is committed to promoting the inclusion and retention of people with disabilities in the workplace through several initiatives:

- training managers in welcoming employees with disabilities and, more broadly, raising awareness among all employees;
- adapting workstations and equipment to fit the needs of employees with disabilities;
- helping employees to report their disabilities so that working conditions can be adapted appropriately;
- entering into partnerships and agreements to facilitate the integration of people with disabilities within the organisation.

As a result, the ORPEA Group counted 1,484 employees with disabilities among its workforce at 31 December 2021 (of which 714 in France).

Locally, various partnerships have been established and ramped up, such as in Spain with the Randstad Foundation and the Caixa Foundation to help people with disabilities access employment. In 2018, a project was set up with the ONCE Foundation, Spain's largest non-profit, promoting opportunities for hiring people with disabilities. The management team in Spain also made a film to raise awareness among teams.

In an effort to further advance its disability policy, ORPEA (excluding the United States) participated in the first DEI Index questionnaire in 2021 on a test panel of three countries: Italy, Spain and France. The results of this survey will enable the Group to roll out some best practices in all of its countries.

Equal opportunities

Initiatives have been put in place as part of a policy to promote equal opportunities with numerous actions being carried out, notably with the ORPEA Foundation in France. In Spain, partnerships were forged with various non-profits (La Caixa Foundation, Juan Castilla Foundation, Randstad Foundation, APROCOR Foundation, Cooperation agreement with Fremap) to encourage the hiring and retention of people in difficult situations. Portugal has developed a partnership with the Associação Santa Teresa to support the integration of migrants in the workplace.

4.5 Limiting the Group's environmental footprint

4.5.1 A COMPREHENSIVE REVIEW OF OUR ENVIRONMENTAL POLICY

With the launch of the Group's environmental strategy and particularly its **Green Building Strategy**, ORPEA is putting emphasis on how to manage the impact of its activities on climate and the living environment.

2023 COMMITMENTS

100%
of new construction projects to be HQE, LEED or BREEAM certified

5%
reduction in energy consumption by 2023, 16% by 2025 and 29% by 2030

17%
reduction in carbon emissions by 2025 and 31% by 2030 for Scopes 1 & 2

2021 RESULTS

45%
of construction projects certified

1%
decrease in consumption

Progressive implementation of energy action plans

Around
540,000 tonnes of CO_2 eq. emitted
(of which 72% are Scope 3)

Overview of challenges

Environmental protection issues are directly linked to public health issues. Managing the impact of its operations on the climate and the natural environment is a priority for the Group, given its round-the-clock facility management business. Along with a favourable global context (e.g., COP21 and the Paris Agreement on climate change in 2015), both at the European level (e.g., the European Green Taxonomy regulation in force since 2021) and at the national level (e.g., the climate and resilience law enacted in 2021 in France), ORPEA is committed to becoming an active advocate for respecting the environment.

In 2021, as part of the creation of its Go Green programme, ORPEA set out its environmental strategy. The Group has identified numerous ways it can help achieve the green transition related to both the operation and development of its buildings. ORPEA has undertaken practical measures to protect natural resources through optimised water and waste management. In addition, in view of the **carbon assessment carried out at Group level on Scope 1, 2 & 3 emissions,** which confirms that energy consumption is the main source of carbon emissions, ORPEA has demonstrated its strong commitment by developing an ambitious strategy for sustainable buildings, the Green Building Strategy (GBS). The ORPEA Group's aim is to innovate by constructing energy-efficient facilities that blend into the environment while offering quality of life, autonomy and comfort to residents, patients and employees.

This GBS applies to new projects as well as to existing buildings to be renovated. The strategy is built on four pillars:

- **reducing carbon emissions to mitigate climate change;**
- **making biodiversity and biophilic design a central element of our facilities and adapting to nature;**
- **preserving resources and developing the circular economy;**
- **communicating the Green Building approach to all stakeholders and involving them in its implementation.**

More broadly, ORPEA is committed to fighting climate change, a commitment which was reinforced by participating in the *Convention des Entreprises pour le Climat.*

4.5.2 REDUCING CO_2 EMISSIONS TO HELP MITIGATE CLIMATE CHANGE

4.5.2.1 MEASURING CO_2 EMISSIONS

The Group's business generates greenhouse gas emissions, particularly carbon emissions, through the following: energy consumption, various purchases (food, medical equipment, etc.), visitor and employee transportation, etc.

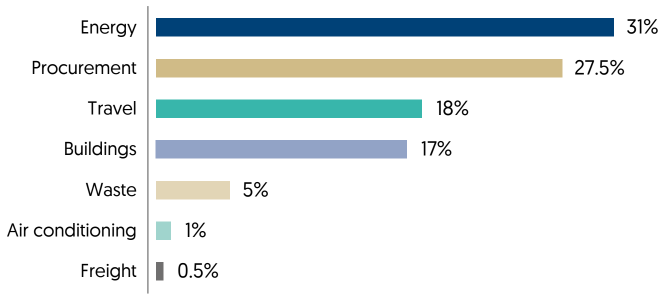
In 2021, the Group committed to measuring its global carbon footprint in order to identify the various emission sources. The top three sources of the Group's emissions are energy (in particular for heating) which accounts for 31% of emissions, purchases (mainly for catering) for 28% of emissions and visitor or employee transportation, making up 18% of total emissions. For the first time, the carbon footprint was measured using the GHG Protocol method.

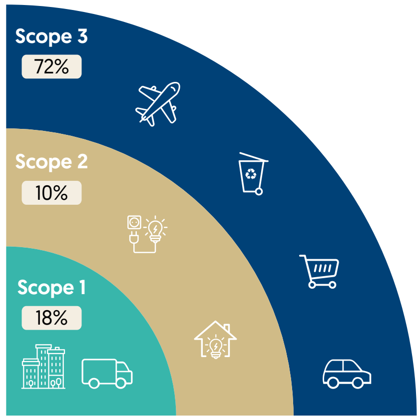
Around

540,000

tonnes of CO_2 eq. produced in 2021

■ **Percentage of GHG emissions**





■ **Scope 1, 2 & 3 GHG emissions* calculated using the GHG Protocol method****

	2021					
(in tonnes of CO_2 eq.)	Group	France-Benelux-UK-Ireland	Central Europe	Eastern Europe	Iberian Peninsula and Latin America	Rest of the World
Scope 1	94,167	53,496	23,016	5,866	11,550	239
Scope 2	56,181	14,322	22,516	8,760	8,882	1,701
Scope 3	391,687	206,249	88,260	61,595	34,520	1,063
TOTAL OF SCOPES 1, 2 & 3	**542,035**	**274,067**	**133,792**	**76,221**	**54,952**	**3,003**

* *Scope 3 emissions were calculated for the first time in 2021. Therefore, the total of Scope 1, 2 & 3 GHG emissions is not comparable to previous years, and further information regarding Scopes 1 & 2 is presented separately.*

** *The GHG Protocol* (Greenhouse Gas Protocol) *sets out rules and standards for recording GHG emissions in order to establish an international standard and harmonise carbon footprints.*

■ Scope 1 & 2 GHG emissions*

(in tonnes of CO_2 eq.)	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Scope 1	94,167	88,628	53,496	43,481	23,016	26,482	5,866	8,261	11,550	10,320	239	84
Scope 2	56,181	70,165	14,322	13,408	22,516	29,377	8,760	16,227	8,882	8,389	1,701	2,764
TOTAL	**150,348**	**158,793**	**67,818**	**56,889**	**45,532**	**55,859**	**14,626**	**24,488**	**20,432**	**18,710**	**1,940**	**2,848**

* *In 2021, the Group changed the methodology used to calculate its carbon footprint compared to 2020. The choice to use the GHG Protocol methodology has changed the breakdown of emissions by Scope: part of the emissions classified in 2020 as Scopes 1 & 2, which correspond to the upstream energy emissions as well as network losses, are classified in 2021 as Scope 3 (therefore no longer considered under Scopes 1 & 2).*

4.5.2.2 REDUCING ENERGY CONSUMPTION AND THE ASSOCIATED CO_2 EMISSIONS (SCOPES 1 & 2)

Monitoring and optimising energy consumption

In 2021, ORPEA organised its Energy Management department at Group level by recruiting an energy manager to roll out the energy pillar of the Green Building Strategy. The energy manager's duties include implementing the Deepki management tool, supervising energy audits, supporting the implementation of energy management systems, offering operational support for host countries and monitoring technology. Energy managers have also been recruited locally in some geographical areas.

To date, ORPEA has already implemented the following:

- **improving reliability, centralisation and optimisation of gas, electricity and other energy vector readings,** using Deepki, a tool for automatically collecting data directly from supplier platforms. By 31 December 2021, Deepki was deployed in more than 49% of the Group's facilities. By the end of 2022, the Group aims to equip 90% of its facilities;
- **managing alerts** in the event of unusual consumption in order to implement, if necessary, corrective measures as soon as possible;
- **optimising consumption** by installing motion detectors and energy efficient lights (LED/relamping), window opening detectors, thermostats, double flow ventilation with heat recovery; and by replacing conventional boilers with heat pumps.

As part of its Green Building Strategy, the Group wishes to go even further by committing to:

- **deploying an energy management system** in 100% of its facilities, via i) the transformation of its energy data collection tool (Deepki) into an energy efficiency action plan, ii) its equipment (instrumentation, building management system) and iii) the organisation itself (protocols, raising awareness);
- **implementing an energy audit** for each building acquisition;
- **assessing the energy consumption of buildings delivered before 2019,** with energy audits being carried out in all of the countries where the Group operates. In 2021, an energy audit campaign was launched in France with 39% of facilities audited by May 2022 and the remaining 61% audited by January 2023. These audits will be extended across the Group over the next three years so that renovation plans can be drafted in order to improve energy performance.

2023 CSR objective

ORPEA is committed to reducing its energy consumption by 5% in kWh net/sq.m. by 2023 (2019 benchmark).

2021 progress report

In 2021, the Group decreased its energy consumption in kWh net/sq.m. by 0.8% compared to its benchmark year (2019). As part of its **Green Building Strategy**, the Group rolled out a clear reduction trajectory and action plans that will be progressively implemented throughout 2022 to achieve its targets.

■ Energy consumption (NOT adjusted for weather and climate variations)

Geographical areas	Energy consumption in 2019 benchmark year *(kWh net)*	Energy consumption in 2020 *(kWh net)*	Energy consumption in 2021 *(kWh net)*	Rate of change in energy consumption per sq.m. in 2021 compared with 2019
France-Benelux-UK-Ireland	380,027,921	368,275,576	441,803,877	+3.5%
Central Europe	178,175,076	207,514,136	192,680,367	-6.7%
Eastern Europe	96,859,626	100,301,539	115,132,230	-3.7%
Iberian Peninsula and Latin America	76,018,528	81,571,044	91,633,937	-1.4%
Rest of the World	4,263,316	3,999,200	3,430,450	-19.5%
GROUP	**735,344,466**	**761,661,495**	**844,680,862**	**-0.8%**

2025 and 2030 CSR objectives

- **ORPEA is committed to reducing its energy consumption by 16% by 2025 and 29% by 2030, in kWh net/sq.m./year (2019 benchmark year).**
- **ORPEA is committed to reducing its carbon emissions by 17% by 2025 and by 31% by 2030, in kg of CO_2eq./sq.m./year, for Scopes 1 & 2 (2019 benchmark year).**

Use of renewable energies

On-site green energy production

In addition to reducing its energy consumption, ORPEA has been increasing its focus over the past few years on using renewable, low-carbon energy from non-fossil sources (solar, wind, water, geothermal, heat pumps, biomass, etc.). Doing so involves on-site energy production and the purchase of green energy from the grid.

The following measures have been identified:

- **connecting to a heating network using more than 80% renewable energy;**
- **installing thermal solar and photovoltaic panels:** 58 facilities equipped in Austria, Brazil, France, Italy, the Netherlands, Portugal, Spain and Switzerland;
- **wood heating**: Germany, Austria, Portugal and Switzerland use these systems. In Slovenia, all new projects include a wood heating system;
- **installing heat pumps:** 79 facilities use this type of installation, mainly in France, Switzerland and Italy;
- **geothermal energy:** new technologies for capturing energy from the ground are under way at select pilot sites.

In addition, oil heating, which emits large amounts of CO_2, will account for only 3% of total energy consumption in 2021 compared with 4% in 2020. Moreover, in the coming years, the Group plans to stop using fuel oil for heating and domestic hot water.

Plancoët Hospital (France) - Heating and cooling the building with geothermal energy: an innovative mechanism with excellent energy and carbon performance

As part of the reconstruction of the Plancoët Hospital, the Group entered into an innovative partnership with Celsius to deploy a geothermal energy solution to heat and cool the building. This weather-independent, renewable and infinite energy resource will maintain the thermal comfort of the building's occupants while contributing to ORPEA's ecological transition at the same time.

This geothermal energy system provides significant reductions in energy consumption and carbon emissions related to heating and cooling compared to conventional gas and air conditioning systems:

- 73% reduction in final energy consumption;
- 91% reduction in CO_2 emissions.

Green energy purchasing

In addition to on-site renewable energy production, ORPEA has started to purchase green energy from the grid. In 2021, the Group renegotiated its energy contracts to increase the share of green energy in the overall mix and reduce related carbon emissions.

4.5.2.3 SETTING A TRAJECTORY IN LINE WITH THE PARIS AGREEMENT FOR SCOPES 1 & 2 BY 2050

In 2021, with the help of an external advisor, ORPEA set trajectories for reducing its energy consumption and energy-related carbon emissions (Scopes 1 & 2) by 2050. These trajectories set the energy and carbon performance objectives to be achieved by ORPEA's real estate assets, in order to comply with the Paris Agreement.

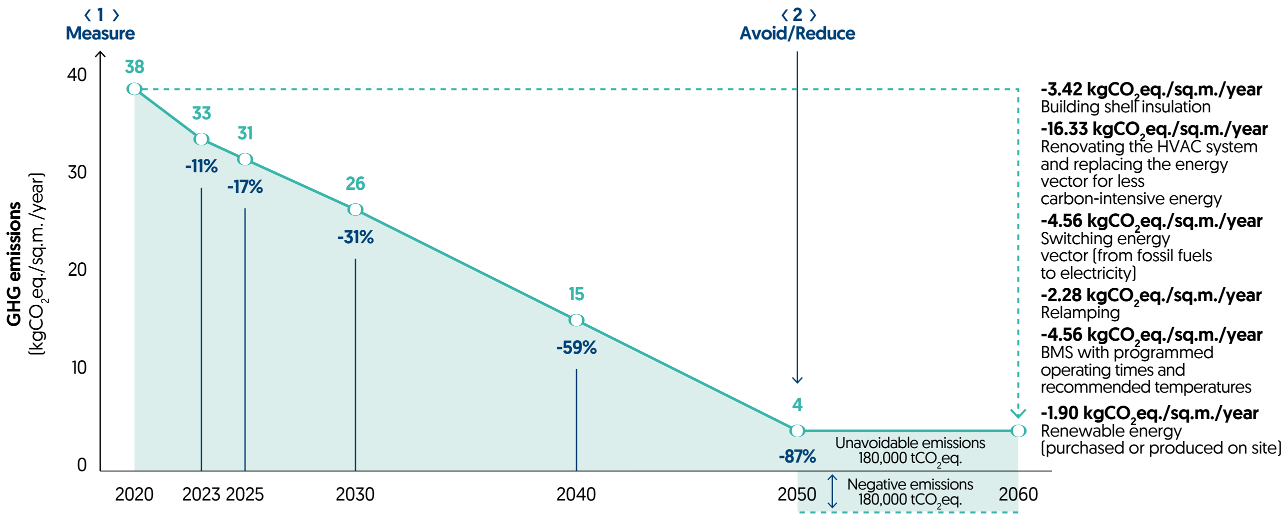
Carbon trajectory (Scopes 1 & 2)

CRREM

The CO_2 emissions reduction trajectory was drafted using the CRREM tool (Carbon Risk Real Estate Monitor), funded by the European Union's Horizon 2020 programme. The tool illustrates the carbon trajectory to be followed in order to respect the Paris Agreement.

Based on this analysis, ORPEA set the following carbon reduction trajectory for 2019:

- **11%** reduction in GHG emissions **by 2023**, i.e., a threshold of **33 kg of CO_2eq./sq.m./year;**
- **17%** reduction in GHG emissions **by 2025**, i.e., a threshold of **31 kg CO_2eq./sq.m./year;**
- **31%** reduction in GHG emissions **by 2030**, i.e., a threshold of **26 kg CO_2eq./sq.m./year;**
- **59%** reduction in GHG emissions **by 2040**, i.e., a threshold of **15 kg CO_2eq./sq.m./year;**
- **87%** reduction in GHG emissions **by 2050**, i.e., a threshold of **4 kg CO_2eq./sq.m./year.**

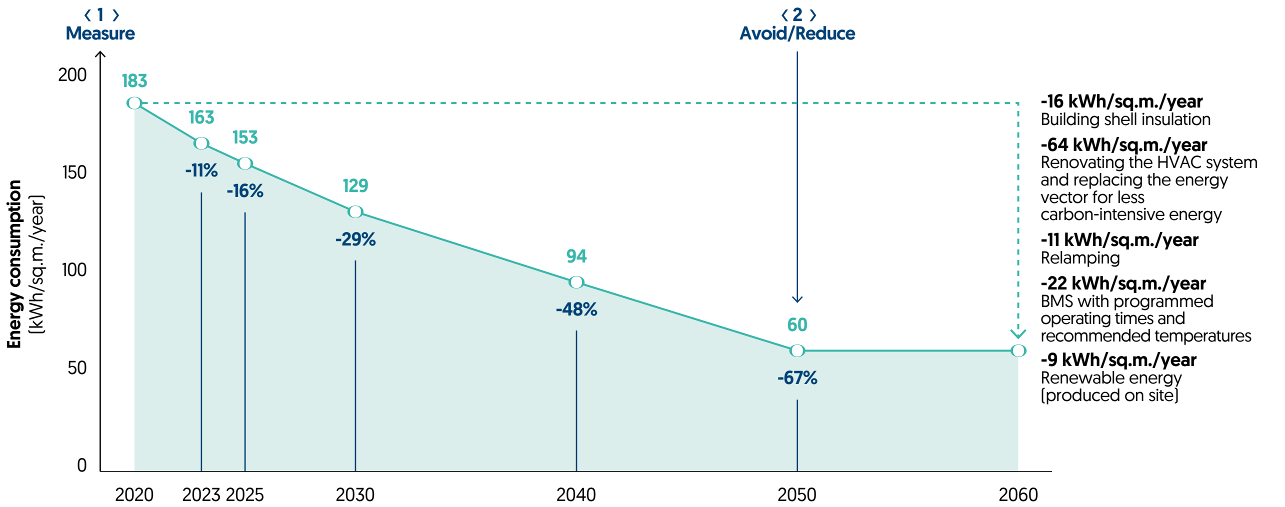


Energy trajectory

The Group's energy trajectory was defined by categorising the existing real estate portfolio according to various criteria (year of construction, type of assets, etc.) and then prioritising the actions to be implemented according to the impact on energy consumption.

As a result of this analysis, ORPEA has set the following trajectory to reduce its energy consumption compared with 2019:

- **16% reduction by 2025** (for a threshold value of 153 kWh net/sq.m./year);
- **29% reduction by 2030** (for a threshold value of 129 kWh net/sq.m./year);
- **48% reduction by 2040** (for a threshold value of 94 kWh net/sq.m./year);
- **67% reduction by 2050** (for a threshold value of 60 kWh net/sq.m./year).



4.5.2.4 REDUCING SCOPE 3 CO_2 EMISSIONS

To continue its commitment to a low-carbon transition, in addition to its own energy transition plan, ORPEA seeks to take action to reduce its indirect carbon emissions, particularly those resulting from purchases, business travel or waste production.

In 2021, Scope 3 carbon emissions represented 72% of ORPEA's carbon footprint. In 2022, the Group will review its emissions, both globally and at an individual level for all of its geographical areas. This collective analysis will lead to the creation of action plans and quantified and measurable objectives.

- **The Group's main action levers (Scope 3)**

28%
of CO_2
emissions from purchases

18%
of CO_2
emissions from travel

5%
of CO_2
emissions from waste

Limiting emissions from travel and transport

The Group has already implemented a policy for its employees' business travel in its geographical areas. It recommends limiting travel, especially internationally, to what is strictly necessary. All geographical areas encourage the use of videoconferencing whenever possible, thereby significantly reducing the related carbon emissions. The health crisis accelerated this development.

However, in light of the Group's growth and activity, there is still a certain amount of travel that cannot be avoided (visits to facilities as part of field audits, development, etc.). In this context, the vehicle fleet was optimised in all host countries by giving preference to models with lower CO_2 emissions and through a policy to promote cleaner vehicles. Consequently, only petrol-powered, hybrid and electric vehicles are offered to employees. At the same time, fuel consumption monitoring was introduced to develop responsible driving behaviour, as this brings benefits for both employee safety and for the environment.

To limit carbon emissions, the Group, along with its suppliers, is studying and implementing solutions to:

- reduce the number of deliveries, (e.g., by using dual-compartment lorries);
- use new fuels (e.g., electric vehicles, green gas);
- optimise delivery routes (e.g., once per week for groceries).

Reducing emissions from building materials and our construction sites

In 2021,
10 buildings
have a wooden or wood-concrete structure
in France, Austria, Germany and Switzerland

Aware of the importance of the carbon emissions generated by the construction of buildings (production of materials, site machinery, demolition work, etc.), over the past several years, the Group has been implementing the following:

- prioritising **central locations** close to public transport;
- promoting **off-site construction** to reduce construction-related transport (prefabricated wooden façades, modular wooden buildings, prefabricated bathrooms);
- carrying out projects using **structures made of wood or wood-concrete composite**.


Fère en Tardenois (France), a nursing home built 100% with cross-laminated timber.

As part of its Green Building Strategy, the ORPEA Group wants to go even further by setting targets to reduce carbon emissions indirectly associated with the construction of its buildings by:

- systematically using **Life Cycle Assessments** (LCA) to make low-carbon design choices;
- integrating at least two design choices that favour **low-carbon mobility** for all new sustainable buildings and major renovations (bicycle parking, charging stations for electric vehicles, etc.).

4.5.2.5 DEPLOYING A CLIMATE RESILIENCE STRATEGY

As part of a first step in analysing the resilience of the Group's business model to climate change, ORPEA has identified the need to reflect on its real estate assets and infrastructure. Because of their material nature, buildings are particularly exposed to the tangible impacts of climate change. These impacts are further amplified by the role played by facilities as accommodation for vulnerable people requiring care. Strengthening the climate resilience of the company's real estate assets is part of the commitments made in the Group's Green Building Strategy.

In 2021, ORPEA had already started to take certain weather and climate risks into account when designing its buildings. Regarding the risk of flooding, the Group commissioned specific studies for plots in sensitive areas. For the risk of heat waves, ORPEA has undertaken actions to increase the plant cover of its buildings in order to limit, among other things, the effects of urban heat islands, as well as to optimise the use of shaded areas in order to passively preserve coolness.

In 2022, the Group plans to extend its assessment of exposure to physical climate risks (floods, heat waves, etc.) to all its new buildings, its existing buildings and its future acquisitions. This analysis will make it possible to incorporate solutions for adapting to climate risks into all new buildings right from the design stage.

Alignment with TCFD recommendations

In accordance with the recommendations of the TCFD (**Task Force on Climate Related Financial Disclosures**), ORPEA has begun to identify the risks and opportunities related to climate change that could have a direct impact on its daily work in the service of vulnerable people requiring care.

In order to follow the TCFD recommendations, the Group has progressively integrated climate change indicators and targets into its environmental strategy. For example, ORPEA conducted an alignment analysis with the TCFD recommendations for the first time in 2021.

Governance	The CSR approach is fully integrated into the Group's bodies. The Board of Directors relies on the CSR and Innovation Committee to monitor the progress of the CSR approach and climate issues within the Group. The Executive Committee sets out the strategy and subsequently monitors the action plans. At the Corporate Business Reviews, the different geographical areas regularly present the status of the implementation of policies and action plans in their respective countries to the Executive Committee. Lastly, the countries monitor the implementation of the action plans on a monthly basis through their Operations Committees.
Strategy	The Group puts its impact on climate change at the heart of its environmental strategy through its **Go Green** programme. In 2021, ORPEA committed to a carbon trajectory for Scopes 1 & 2 in line with the Paris Agreements. ORPEA also initiated, through specific studies of certain physical risks, a resilience analysis of its real estate assets which will be expanded in 2022.
Risk management	As part of its risk analysis, the Group considered resilience of its property portfolio to climate change as a risk factor: "Operational risk: risk related to facility safety conditions" (see section 4.8.2).
Indicators and objectives	In 2021, the Group measured its global carbon footprint for all of its carbon emissions across the three scopes. Additionally, the Group has set medium- and long-term objectives to reduce its related Scope 1 & 2 energy consumption and carbon emissions. ORPEA has also been reporting its carbon emissions on the CDP platform (Carbon Disclosure Project) for several years.

4.5.2.6 EUROPEAN TAXONOMY

Presentation of the European Taxonomy

The Green Taxonomy Regulation is a key element of the European Commission's Sustainable Finance Action Plan, which aims to redirect capital flows towards a more sustainable economy. The Taxonomy is a classification system for environmentally sustainable economic activities. As a Group subject to the obligation to publish non-financial information in accordance with Article 29a of Directive 2013/34/EU, ORPEA must for the first time publish the share of its activity eligible for the Taxonomy in relation to 2021 – turnover (revenue), capital expenditure (CAPEX) and operating expenditure (OPEX) – for the first two environmental objectives related to climate change[1].

The environmental objectives defined in the EU Taxonomy Regulation are: climate change mitigation, climate change adaptation, the sustainable use and production of water and marine resources, the transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems. So far, technical selection criteria have been established for the first two objectives in the delegated climate act[2].

To be considered sustainable, an activity must make a substantial contribution to one of the six above-mentioned environmental objectives, not impede the other five according to the "Do No Significant Harm" (DNSH) principle, and meet minimum social standards. To be considered eligible, an activity must be described in the delegated acts (i.e., which currently refers to climate), even if it does not meet all the technical analysis criteria defined in these delegated acts.

The specification of indicators shall be determined in accordance with Annex I to Article 8 of the Delegated Act.

Main activities

ORPEA has analysed all economic activities eligible for the Taxonomy listed in the delegated climate act to determine which are applicable to the Group's activities. After careful examination, the main economic activities eligible for the Taxonomy and applicable to the Group are those related to the accommodation of people and the construction and maintenance of buildings.

Eligible economic activity
Objective 1 - Climate change mitigation 6.3, 6.4 Urban and suburban transport, road passenger transport; Operation of personal mobility devices, cycle logistics
Objective 1 - Climate change mitigation 7.1 Construction of new buildings
Objective 1 - Climate change mitigation 7.2 Renovation of existing buildings
Objective 1 - Climate change mitigation 7.3, 7.5, 7.6 Installation, maintenance and repair of energy efficiency equipment; Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; Installation, maintenance and repair of renewable energy technologies
Objective 1 - Climate change mitigation 7.7 Acquisition and ownership of buildings
Objective 2 - Adaptation to climate change 12.1 Residential care activities

The regulator clarified the methodology for calculating eligibility for activity 12.1 in a FAQ document published by the European Commission on 2 February 2022. It appears that the consolidation of eligibility for activity 12.1 is contingent on the completion of a physical risk study and the deployment of adaptation action plans. In this context, and in order to anticipate the compatibility of the indicators that will be published for the 2022 reporting period, ORPEA has taken this FAQ into account and consolidated the eligibility indicators for real estate activities only.

2021 Key Performance Indicators (KPIs)

The KPIs include revenue, CAPEX and OPEX. For the 2021 reporting period, KPIs must be published in relation to economic activities eligible for the Taxonomy and economic activities not eligible for the Taxonomy (Article 10(2) of Article 8 of the Delegated Act).

As of 31 December 2021, the share of economic activities related to ORPEA's eligible activities in its revenue (revenue KPI) amounts to **2%** and the share of eligible capital expenditure (CAPEX KPI) amounts to **54%**.

Regarding the operating expenses (OPEX KPI), the Taxonomy defines operating expenses (OPEX) as direct non-asset costs related to research and development, building refurbishment, short-term leases, maintenance and repair, and any other direct expenses related to the ongoing maintenance of tangible assets that are necessary to keep these assets functioning well.

As a result, the base of operating expenses meeting the definition of the Taxonomy, as detailed above, to be taken into account in the denominator of the indicator, represents €179.4 million for 2021, i.e., approximately 4% of the Group's total consolidated operating expenses. Thus, as the share of OPEX in the sense of the Taxonomy is deemed insignificant in relation to the Group's total operating expenses over the period, ORPEA has chosen to use the materiality exemption offered by the Regulation and not to present this indicator.

(1) Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 by specifying the content and format of the information to be disclosed by companies subject to Articles 19a or 29a of Directive 2013/34/EU on environmentally friendly business activities, and specifying the methodology for complying with this disclosure requirement.

(2) Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity can be considered to contribute substantially to climate change mitigation or adaptation and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives.

Methodology for calculating the indicators

- Share of revenue associated with eligible activities:

The revenue considered for the calculation of eligibility is based on the rent received from assisted-living facilities in the context of activity 7.7 Acquisition and ownership of buildings. Amounts received for accommodation services in the Group's other facilities (nursing homes and hospitals) have not been consolidated in this indicator; they represent a significant part of ORPEA's activities. **The percentage of eligible revenue is 2% for 2021.**

- Share of CAPEX associated with eligible activities:

As stated in the identification of core activities, CAPEX has been consolidated only for activities related to real estate (activities 7.1 to 7.7). Indeed, the FAQ published by the European Commission on 2 February 2022 indicates that, in order to be eligible for adaptation activities, a company must have carried out a climate risk and vulnerability analysis and put in place an adaptation plan to reduce the main physical climate risks.

The CAPEX portion is calculated by taking into account the amounts of acquisitions and changes in the scope of tangible and intangible assets, new active rights of use and changes in the scope of consolidation during the period. The total amount of consolidated CAPEX is €2,015.5 million and **the amount of eligible CAPEX is €1,080.1 million or 54%**.

4.5.3 WORKING TO PRESERVE BIODIVERSITY AND INTEGRATE NATURE INTO FACILITIES

ORPEA's activities are closely linked to biodiversity issues. In particular, the Group faces the following challenges:

- **in the construction of its buildings,** ORPEA must deal with the challenge of land development and the consumption of natural resources (minerals, bio-based materials, rare metals, etc.);
- **in the operation of its facilities,** the Group must make decisions regarding, for example, the maintenance of its green spaces and the use of pesticides.

Moreover, highlighting biodiversity and, in particular, incorporating biophilic elements within its facilities, represent a powerful lever to reinforce the well-being of residents, patients and employees who live and work there on a daily basis. Indeed, reconnecting with nature, by integrating natural light into the buildings, installing plant walls or holding pet therapy workshops, is a way to reinforce quality of care and quality of life at work. ORPEA has therefore made an effort over the past few years to integrate aspects of biodiversity into its facilities through several different initiatives. In 2022, in line with its Green Building Strategy, the Group has initiated a process of reflection that will lead to implementation of a biodiversity strategy.

4.5.3.1 INTEGRATING BIODIVERSITY INTO THE DESIGN AND CONSTRUCTION OF BUILDINGS

Given its activity, the Group places great importance on preserving and integrating biodiversity when designing and building its facilities. Good internal practices have already been identified:

- **green roofs:** 115 facilities had a green roof in 2021;
- **construction of buildings on already developed land:** 11 facilities were built on land that had already been artificially developed (demolition-reconstruction of an existing building, major restructuring of an existing building, building on industrial or commercial wasteland), rather than on virgin natural land;
- **outdoor parking surfaces:** by the end of 2021, 105 facilities were equipped with permeable parking surfaces;
- **involving an ecologist in building design:** 11 buildings have incorporated the input of an ecologist in their design phase. The Group wishes to further strengthen these initiatives.

Uccle, Brussels (Belgium), Rest and Care Home
Green roofs

4.5.3.2 PLACING BIODIVERSITY AT THE VERY HEART OF FACILITIES

In addition to integrating ecosystems into the design and construction of its buildings, ORPEA is already integrating biodiversity into many facilities. Several initiatives are being deployed:

- **therapeutic gardens:** 141 of the Group's facilities have created an outdoor green space with the aim of stimulating the senses, maintaining independence and developing motor skills;
- **ecological management of green spaces:** some of the Group's facilities have implemented more eco-responsible techniques for the management of their outdoor spaces. This is reflected in the introduction of alternatives to pesticides, the use of local (indigenous) and water-saving plant species, etc. In France, for example, all facilities have banned the use of pesticides. An ecological approach to the management of green spaces is also deployed by the Group in other countries;

- **eco-pastures:** by 2021, 15 facilities had implemented an ecological maintenance method for their natural areas using sheep;
- **wildlife protection:** 109 facilities installed beehives, nest boxes and insect hotels to raise awareness of the importance of species conservation within their networks;
- **animal therapy:** some facilities use animal mediation (lamatherapy, equitherapy, etc.) as part of the care programme to improve the psychological well-being of residents and patients;

- **partnerships with environmental protection associations:** ORPEA is carrying out initiatives with environmental organisations and associations around the world. For example, in France, the Group organised a waste collection day during the European Sustainable Development Week to preserve the biodiversity of the Parc des Calanques.

4.5.4 PRESERVING RESOURCES AND DEVELOPING THE CIRCULAR ECONOMY

Through the operation of its facilities, ORPEA generates waste (waste generated by care-related tasks, catering, construction, etc.) and consumes natural resources (water, food, mineral raw materials). As part of its Go Green programme, the Group is taking action to adopt a circular economy approach. The Group has also made commitments to control waste generated from its operations and construction sites as well as its water consumption.

SDG AMBITION

By joining the United Nations Global Compact in 2020, ORPEA not only committed to integrating its ten principles into the company's strategy, culture and day-to-day operations, but also to participating in collaborative projects that advance, in particular, the Sustainable Development Goals (SDGs). For example, in October 2021, ORPEA joined the SDG Ambition programme which aims to support companies in setting ambitious targets to accelerate integration of the 17 SDGs. The Group also joined the "zero waste to landfill and incineration" working group.

4.5.4.1 CONTROLLING AND OPTIMISING WASTE TREATMENT AND DISPOSAL

The ORPEA Group aims to better control and reduce the environmental impact of the waste produced by all its facilities. However, facility waste management remains difficult as it is carried out by many local or national, public or private waste management providers.

In order to reduce the Group's environmental footprint and preserve the health of the living environment, ORPEA has adopted the following actions:

- **measure;**
- **reduce;**
- **optimise (recycle, reuse, upcycle);**
- **raise awareness.**

Measuring waste

In order to support the Group in its ambitions, ORPEA has been working with a specialised company to measure its waste in France since 2019. Given the success of this assignment, the Group has extended the analysis to all its geographical areas in order to:

- obtain a global view and **measurement** of its waste;
- establish a **common measurement methodology** for all host countries;
- **set targets** to improve the management of the waste generated.

In 2021, the Group's waste analysis provided **a reliable measurement** of **ordinary waste** in eight countries (France, Belgium, Ireland, China, Latvia, Poland, Slovenia and Austria), representing over 60% of the Group's scope.

■ Ordinary waste*

	2021					
(in tonnes)	**Total scope****	**France-Benelux-UK-Ireland**	**Central Europe**	**Eastern Europe**	**Iberian Peninsula and Latin America**	**Rest of the World**
Waste production	32,376	26,944	N/A	5,272	N/A	160

* *Potentially infectious medical waste (PIMW) is excluded.*
** *In 2021, reliable measurements were obtained in France, Belgium, Ireland, China, Latvia, Poland, Slovenia and Austria (60% of the Group scope).*

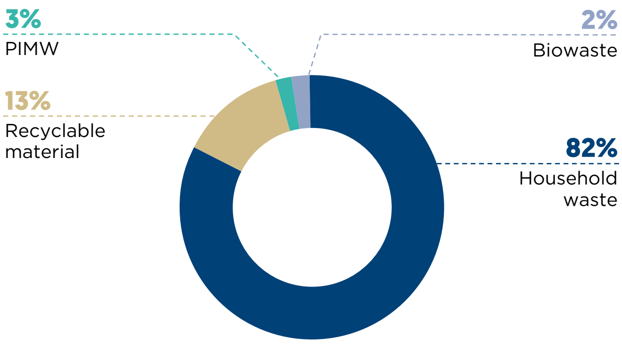
681 kg
of ordinary waste on average per bed (2021 scope)

Optimising waste

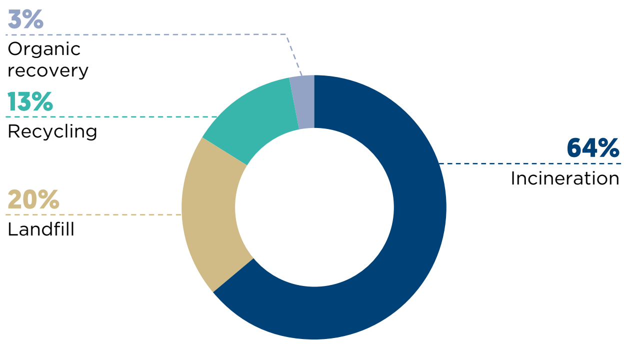
After measurement, analysing waste and categorising it by **waste type** as well as by disposal method in certain countries helps the Group implement much more targeted and relevant actions in line with more environmentally friendly waste management. In 2021, ORPEA analysed the methods of **waste disposal** applied in France and Belgium.

In France, as part of its collaboration with an external waste specialist, all of the Group's French facilities were subject to a "waste diagnosis" in 2021. These diagnostics have made it possible to build a precise vision of waste production in France, target actions for improvement, and organise their roll-out. Concerned about their environmental impact, many facilities have launched local or coordinated actions throughout the year to reduce waste and set up sorting systems. The aim is to progressively extend an in-depth analysis of waste type and treatment to all host countries to reduce landfill and increase recycling and recovery of organic waste.

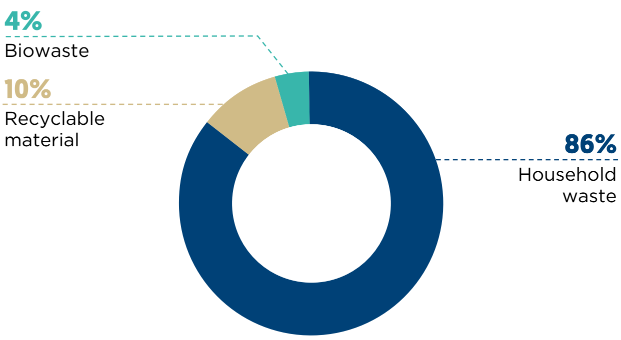
■ **2021 waste production in France**



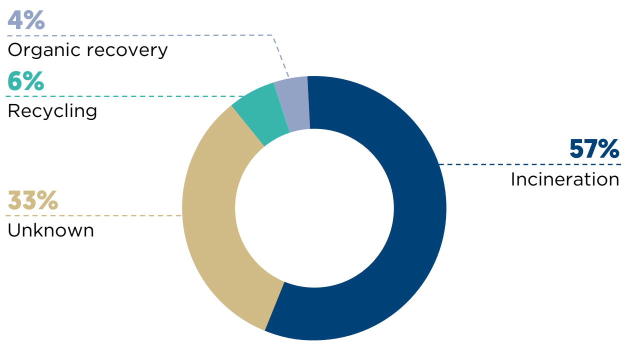
■ **2021 waste disposal in France**



■ **2021 waste production in Belgium**



■ **2021 waste disposal in Belgium**



* *The waste presented in the graph above does not represent the type of waste produced by facilities, rather it represents the waste collected and disposed of according to the collection channel used.*

Sorting and recycling

Depending on local regulations and facility location, waste is sorted into seven priority streams: (i) paper and cardboard, (ii) metals, (iii) plastics, (iv) glass, (v) wood, (vi) food waste and (vii) potentially infectious medical waste. Other hazardous waste (batteries, toners, light bulbs, unused medicines, etc.) and miscellaneous waste (bulky items, textiles, etc.) are handled by specialists separately.

Partnership with Vanheede in Belgium

Belgium is the third most recycling European country (behind Slovenia and Germany) and sixth in the world, with a 35% recycling rate in 2018. Consequently, ORPEA Belgium participates in the national waste optimisation effort. In all geographical areas except Brussels, the Company signed a partnership with Vanheede, a waste collection and management partner, to train its staff in sorting, measuring waste by stream collected, recycling and upcycling. ORPEA Belgium sorts up to 24 different waste streams, including organic waste, as of 1 January 2021. The Group's Belgian subsidiary therefore recycles around 20% of the 1,842 tonnes of waste generated annually. The Group continues to raise awareness among its staff and to seek new ways of optimising its waste, particularly for certain categories that generate large amounts of waste, such as protective equipment, which do not currently have a recycling channel. Finally, the partnership with Vanheede optimises recycling and recovery of treated waste, with 94.62% of the waste being recycled into new raw materials or recovered via storage in an energy recovery landfill, providing green energy to households.

Waste recovery

The Group wanted to continue optimising its organic waste downstream of the chain by exploring new disposal methods. In France, 14 hospitals and nursing homes have therefore deployed a biowaste system for composting or methanisation (four of which are equipped with an electromechanical composting solution and ten with selective collections). In 2021, the facilities involved are ones that produce the most waste. In France, 342 tonnes of biowaste were collected and recovered in 2021.

Creating partnerships

Aware of the systemic approach inherent in waste disposal, the Group seeks to integrate partnerships with external organisations or associations into its strategy in order to encourage a more responsible approach throughout the process. For example, in France, the Group created a partnership with the eco-organisation Ecologic. Ecologic treats waste electrical and electronic equipment (WEEE) and electrical and electronic medical devices. To do this, Ecologic collects, decontaminates and recycles WEEE throughout France, ensuring that each stage is carried out correctly. In addition, two partnerships are in the process of being signed with the eco-organisations Valdelia (authorised to collect and recycle professional furniture) and Corepile (authorised to collect small batteries).

In some countries, such as Germany and Austria, the treatment of this type of waste (household appliances, furniture, batteries, etc.) is handled by local authorities and is therefore not covered by specific partnerships.

Raising awareness

Training and awareness-raising initiatives have been implemented with teams to remind them of best practices when compacting waste (for example, cardboard boxes and bottles) and sorting rubbish, as well as for fighting food waste.

Fighting food waste

Given the nature of ORPEA's business activities and the number of meals served each year within its facilities (47 million meals), the Group attaches great importance to fighting food waste.

As part of its Be Well programme and the Catering Charter, the Group is committed to systematically measuring its food waste through annual or semi-annual data collection campaigns in all the countries where it operates. Analysis of the results of these campaigns enables the development of targeted action plans that can be customised to each country in order to fight food waste while maintaining the size of food portions.

Extract from the ORPEA Catering Charter

Commitment No. 9: Reducing the Group's environmental footprint:

- fighting food waste;
- limiting energy consumption and water use;
- measuring waste and committing to waste reduction;
- developing food waste processing initiatives in each country.

ORPEA has already taken the following measures in its various geographical areas:

- **raising the awareness** of kitchen staff about eco-gestures through training and posters to fight food waste;
- **adapting orders and production** on a daily basis depending on facility requirements. Each day, all of the kitchens are informed of the number of meals they need to prepare and their type;
- **analysing kitchen waste** through weighing returned food and/or meal production.

2021 food waste measurement campaign in France

Through its national pact against food waste (*Pacte national de lutte contre le gaspillage alimentaire*), France has committed to halve food waste by 2025 (vs. 2015). The ORPEA Group is fully committed to this process, which is why it launched a national campaign in 2020 to fight food waste in all of its facilities in France.

Given the ongoing complicated health situation in France in 2021, 80% of facilities were able to carry out this exercise in the last quarter of 2021. The weighing campaigns were an opportunity to measure actual quantities of waste over a period of eight consecutive days, in accordance with ADEME recommendations. To this end, these facilities were equipped with an internal application to enter and evaluate the daily weight results.

A detailed analysis of these results will help identify action plans to reduce food waste while maintaining the necessary nutritional requirements.

Potentially infectious medical waste (PIMW)

The Group's ambition in this area is not necessarily to reduce the weight of this type of waste, which is directly correlated to the amount of care provided to patients and residents who often suffer from multiple conditions and are increasingly dependent; it is rather to optimise waste management by ensuring, among other things, that the PIMW is properly sorted in compliance with local regulations. To this end, awareness-raising activities are organised for the staff concerned. Sorting practices are also checked during bi-annual quality audits and corrective actions are taken if necessary.

Accordingly, all of the Group's facilities comply with the local regulations of each country, geographical area or city where they are located. Definitions as well as collection and treatment processes differ significantly between national and even regional waste management policies. In some countries, this type of waste is not subject to any specific management, as all waste is systematically incinerated.

Facilities are provided with the necessary equipment to collect this waste. In the countries concerned, medical waste is then removed and disposed of by an authorised company under a service agreement. This company is also committed to providing care workers with annual training at each facility. These agreements and traceability records are kept available for the relevant authorities.

In 2020, the management of the health crisis in facilities resulted in significant increases in the weight of PIMW collected. **In 2021, PIMW decreased by 3% (at constant scope of consolidation).** However, ORPEA extended the measurement of this type of waste to new geographical areas, which explains an overall increase in the Group's PIMW in 2021.

■ Potentially infectious medical waste (PIMW)

	Total scope*		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
(in tonnes)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
PIMW production	872	779	642	668	49	48	118	ND**	63	63	0.5	ND**

* *The 2021 consolidation scope for France Benelux was based on France and Belgium; for Central Europe, based on Italy; for Eastern Europe, based on Latvia and Poland; for the Iberian Peninsula and Latin America, based on Spain, Portugal and Brazil; for Rest of the World, based on China.*

** *In 2020, Poland, Latvia, Brazil and China had not yet been measured.*

4.5.4.2 CONTROLLING WATER CONSUMPTION

Monitoring water consumption

As is the case with energy consumption, water consumption is monitored in all the geographical areas. 49% of facilities implemented automatic data collection tools using the Group's *Deepki* platform. This tool allows for the automatic collection of existing water data directly from the supplier areas. In addition, water consumption is monitored and analysed to identify potential anomalies (leaks) and compare sites. By the end of 2022, more than 90% of ORPEA's facilities will be covered by automatic data reporting.

Due to the increase in occupancy rates and the Group's external growth, water consumption increased in 2021.

■ Water consumption

	Group		France-Benelux-UK-Ireland		Central Europe		Eastern Europe		Iberian Peninsula and Latin America		Rest of the World	
(in cu.m.)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Water	5,230,689	5,156,577	2,716,567	2,555,340	1,046,234	1,151,962	602,525	610,651	824,303	796,544	41,060	42,079

Reducing water consumption and reusing water

Reducing water consumption at the source

To limit their water consumption, the host countries are implementing various measures adapted to their local conditions:

- installation of **water-saving plumbing systems** (toilets, faucets, aerators, etc.);
- installation of **energy-efficient kitchen appliances** (dishwashers);
- **leak detection** systems.

As part of its Green Building Strategy, the Group will systematically implement all of these measures in all of its geographical areas by 2023 for new buildings or major renovations.

Reusing rainwater

ORPEA has installed rainwater collection tanks for landscaping purposes. A total of 59 buildings are equipped.

As part of its Green Building Strategy, ORPEA is committed to protecting water resources by installing a rainwater reuse system in all of its new buildings.

4.5.5 SHARING THE GROUP'S ENVIRONMENTAL APPROACH AND INVOLVING ALL STAKEHOLDERS IN ITS IMPLEMENTATION

4.5.5.1 MAKING ENVIRONMENTAL CERTIFICATION OF OUR BUILDINGS SYSTEMATIC

In order to reinforce its Green Building Strategy with its stakeholders, ORPEA is committed to an ambitious process of environmental certification by independent third parties, based on BREEAM and LEED standards. These guidelines help design teams to make more environmentally responsible choices in terms of energy, biodiversity, comfort, etc. As the benchmarks are based on international standards, the Group can compare the performance of the buildings in the portfolio with each other and with others in the same sector.

2023 CSR objective

From 2021, ORPEA's goal is for all new construction projects to be HQE certified or equivalent (to LEED, BREEAM or similar standards).

2021 progress report

In 2021, 45% of the new building projects designed and developed by ORPEA, and presented for the first time to the Development Committee, included HQE or equivalent certification. In mid-2021, the Group defined its sustainable real estate strategy and the certification action plan was gradually implemented throughout the year.

■ HQE, LEED or BREEAM certification

Geographical areas	Rate of new construction projects validated by the Development Committee for the first time in 2021 and including a HQE, LEED or BREEAM certification
France-Benelux	54.6%
Central Europe	50.0%
Eastern Europe	0.0%
Iberian Peninsula and Latin America	50.0%
Rest of the World	-
GROUP	**45%**

A very wide range of criteria are analysed for these certifications, including energy, water, materials used, air quality, waste, etc.

■ **BREEAM and LEED assessment categories**

In addition to cross-sectional certifications, labels are also applied to certain projects and themes. For example, in Switzerland, four buildings have achieved the Minergie energy label. The aim of this label is to encourage the reduction of energy consumption in new buildings by implementing a more rational use of energy and favouring renewable energies, while also prioritising occupants' thermal comfort.

In Belgium, two new buildings received the WELL certification in 2021, which focuses on seven criteria (air quality, light, physical activity, comfort, nutrition and psychological well-being) that are focused on occupants' well-being.

4.5.5.2 COMMUNICATING, RAISING AWARENESS, TRAINING AND ENSURING IMPLEMENTATION OF THE ENVIRONMENTAL STRATEGY

Communicating, raising awareness and training

The implementation of environmental training and awareness-raising initiatives for employees, residents, patients and visitors makes it possible to provide general information on sustainable development and, more specifically, to share best practices and eco-gestures. Campaigns on eco-gestures are most often carried out through poster campaigns in facilities. The objective is to remind everyone of the right gestures that limit the negative consequences that our everyday actions might have on the environment. Awareness-raising campaigns more specific to certain departments are also implemented, such as awareness-raising for kitchen staff on energy efficiency or training and poster campaigns to fight food waste.

Among these more targeted actions, in 2021, the Group focused on training its maintenance, construction and operations teams on the Go Green programme and the environmental strategy. In addition, some countries have started to roll out climate change awareness initiatives such as the *Fresque du Climat* in France. These types of initiatives are likely to increase over the next few years.

In 2021, the health crisis affected the implementation of these awareness-raising campaigns to give priority to healthcare access campaigns. However, several actions were still carried out. In France, for example,

- 1,059 employees took part in mini training sessions on sustainable development and eco-gestures. 668 employees were involved in sustainable development activities such as workshops on various topics (e.g., *Fresque du Climat*, DIY, zero waste initiatives (*Maison du Zéro Déchet*), etc.);
- the Group's construction and maintenance teams received training on certain aspects of the Green Building Strategy;
- in Austria, 36 construction and maintenance team employees and facility managers received environmental certification training;
- in Germany, 20 construction and maintenance team employees received training on energy efficiency;
- in Portugal, 25 maintenance and operations team employees received training on energy monitoring and energy and water conservation;
- in Spain and Portugal, 123 and 25 employees, respectively, attended awareness-raising sessions on energy monitoring and saving water and energy.

In 2022, ORPEA will continue to deploy its Green Building Strategy for all construction employees by informing, raising awareness and providing training on the eco-design of projects.

Governance of the Group's environmental policy

The ecological transition is at the heart of the Group's strategic priorities. The Group's corporate Construction department has therefore launched several initiatives since the end of 2021 to anticipate future construction projects and drive them towards a model that integrates sustainable development and technical solutions that generate energy savings right from the design stage in order to meet major environmental challenges and face climate change, all while ensuring users' well-being.

In 2021, some changes were made to the department's organisation to improve its response to environmental issues. The department is now composed of two units:

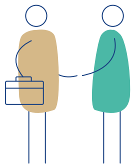
- the **Design and Engineering unit**, which:
  - develops Group standards for construction and renovation projects while integrating environmental standards,
  - designs and rolls out the Green Building Strategy throughout the Group,
  - assists the Construction departments of different geographical areas in reviewing projects and making sure that environmental procedures are applied,
  - supports the Group's entire construction network by providing training on the ecological transition, construction costs, innovation sourcing and architectural pre-feasibility studies,
  - ensures technology monitoring and guides nursing homes on their path to the future;
- the **Construction Project Management unit**, which ensures that construction and renovation projects in all geographical areas are aligned with the Group's environmental standards. This unit is comprised of the different Group construction directors.

In 2021, five directors were recruited for the Group Construction department to boost development, implement cost controls and planning indicators, to roll out the Green Building Strategy as well as other initiatives to improve facility quality. The following positions were filled:

- construction director, who also holds the position of Executive Vice President of Construction and sits on the Group Executive Committee;
- technical director;
- deputy construction director;
- sustainable and innovative real estate director;
- energy manager.

The Group's sustainable real estate approach is supported by the local Construction and Maintenance departments in all the different geographical areas, which are responsible for the development and maintenance of ORPEA buildings. These departments rely on the internal or external skills of architects, specialised consulting firms and property managers to put the Group's environmental objectives into practice.

4.6 Building sustainable and responsible partnerships



Through its responsible procurement policy and Open Innovation policy, ORPEA is committed to building dynamic and sustainable relationships with its partners. These relationships encourage the ongoing improvement of practices and foster the emergence of future solutions

2023 COMMITMENTS

100%
of calls for tender to include an assessment of the supplier's CSR performance

100%
of main suppliers to sign the Group's Responsible Procurement Charter

3
innovative Group programmes aimed at enhancing the well-being of its residents and patients by strengthening their autonomy, promoting social ties and stimulating the five senses

2021 RESULTS

as deployment of the EcoVadis platform was still in progress, no tender was subject to a supplier EcoVadis rating

30% of listed suppliers have signed the Group's Responsible Procurement Charter

the Group has initiated development of these three well-being projects which will be deployed by 2023

Overview of challenges

ORPEA applies its social, societal and environmental commitments to its relationships with its partners, with whom the Group is committed to building relationships based on trust, ethics and transparency.

It is essential for the Group to share its values and ambitions throughout the value chain in order to define innovative and sustainable common objectives with long-term partners.

The Group is aware of its responsibility, particularly in terms of duty of care, to ensure that its activities throughout the value chain promote respect for the environment, human rights, international labour conventions and help limit the risks of corruption.

4.6.1 CONSOLIDATION OF THE RESPONSIBLE PROCUREMENT POLICY

4.6.1.1 PROCUREMENT AT ORPEA

The Group strives to implement a procurement policy that satisfies the expectations of its internal customers to ensure the well-being and safety of patients and residents in an eco-friendly, ethical and innovative environment. The procurement policy aims to standardise and secure the processes, the standards in force in the various geographical areas and the quality of the products and services delivered while respecting the specificities and cultural traditions of the Group's host countries.

The Procurement department is supported by a dedicated organisation and set of procedures developed from specifications drawn up with its internal customers, which enable it to conduct calls for tenders based on a structured and effective consultation process. Engaging a supplier involves, among other things, performing an ongoing assessment based on Group KPIs. These KPIs include the quality of the products and services provided. The same applies to the maturity of the supplier's CSR strategy, which plays an increasingly important role in these assessment criteria and influences the choice of supplier or its continued inclusion in the Group's supplier list. Lastly, in countries where the e-purchasing application is used, purchasers can carry out checks (for corruption, convictions, business ethics, etc.) on any listed supplier using LexisNexis. This is a mandatory step for all new partnerships. In the event of doubt, the supplier file is automatically passed on to the Compliance department, which carries out further analysis using the Dow Jones platform.

In the coming months, particular attention will also be paid to the development of action plans to help improve the CSR strategy of certain suppliers via the EcoVadis platform. On-site meetings, which had been on hold since the beginning of the health crisis, will also resume. Regular assessments of strategic suppliers take place once a year on average, but more often if an incident occurs. Should any injury occur from the use of a product, the relevant facility draws up a damage report and forwards it to the Procurement department. This helps to keep track of any issues arising, and corrective action can be implemented if necessary. In 2022, the Group also plans **to begin a comprehensive analysis of supplier risks**. This analysis has become all the more essential given the current health situation and the impact it may have on supplies.

Lastly, the Group has started **rolling out its "e-purchasing" application** with the goal of setting up a **centralised control system**. The application can be used for tenders, Group contracts, listed products and suppliers, as well as orders and deliveries. This control system is intended for the entire Group to provide accurate, harmonised monitoring of the procurement policy in all countries and to ensure it is aligned with the Group's social and environmental commitments. In 2021, the application was deployed in France, Italy and Switzerland, and will continue to be deployed in 2022 to cover 70% of the Group's scope.

32%

of purchases are carried out through global or multinational suppliers

68%

of purchases are carried out through national or regional suppliers

4.6.1.2 RESPONSIBLE PROCUREMENT POLICY

Our suppliers play a key role in the Group's success, which is why ORPEA is committed to strengthening its relationships with its partners through its Go Green programme. Go Green is part of the Group's Improving Tomorrow CSR strategy. It emphasises the Group's responsible procurement policy as outlined below. In line with the Group's commitment to unite all partners throughout its value chain around common social and environmental commitments, the Group's responsible procurement policy is based on a continuous improvement process, which is in turn structured around four pillars:

- **"ethical" purchasing:** through its Code of Conduct – Ethics and CSR, as well as the Responsible Procurement Charter, the Group is committed to respecting international human rights and ILO conventions, fighting corruption in business as well as extending these commitments throughout its value chain;
- **"green" purchasing:** the ORPEA Group prioritises environmentally-friendly purchasing. This is reflected in the products purchased or materials used in its buildings' construction, in its energy choices and also in the recycling, circular economy or other treatment solutions adopted for end-of-life equipment;
- **"fair trade and responsible" purchasing:** due to its anchoring in its host communities, the Group plays a central role in the economic and social development of the countries or geographical areas where it operates which is why the Group makes commitments regarding the origin of sourced products;
- **"inclusive" purchasing:** given its focus on caring for vulnerable populations, the Group is aiming to place greater importance on including people with disabilities in economic life by better structuring its inclusive purchasing policy in 2022.

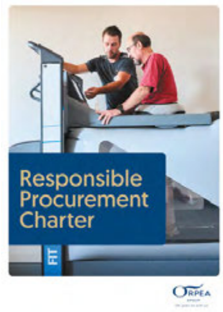
In 2021, the Group's responsible procurement policy was based on the following principles:

Assessing suppliers' CSR performance

Since 2019, ORPEA has taken the CSR performance of its suppliers into consideration and since 2020, has further formalised this commitment by using EcoVadis, a third-party organisation, to assess the CSR performance of its partners. The EcoVadis rating is centred on four pillars (environment, social and human rights, ethics and responsible purchasing), which are in turn based on a total of 21 criteria which reflect the Group's priority CSR issues.

In 2021, ORPEA launched a campaign to have its global suppliers complete the EcoVadis CSR rating questionnaire. This rating now provides an initial assessment of the maturity of the global and multinational suppliers in the portfolio.

The initial process of reflecting on the main criteria used to measure the CSR rating of partners, which began in the second half of 2021, will be supplemented by the experience gained from this first external assessment of global and multinational suppliers.



Following the training of all Global Group buyers in 2021, as well as the assessment of the global and multinational portfolio, this roll-out will continue with the training of buyers in the different geographical areas for national suppliers. Once the entire procurement team has received training, the initiative will continue in 2022 and be applied to the tendering processes for global, multinational and national partners.

2023 CSR objective

All calls for tender include an assessment of the supplier's CSR performance.

2021 progress report

As of 31 December 2021, due to the training still being rolled out to buyers, no supplier involved in a tender process has had its CSR performance assessed by EcoVadis.

The ORPEA Responsible Procurement Charter

The Responsible Procurement Charter sets out ORPEA's commitments in terms of health and safety, environmental protection, ethical business practices and combating conflicts of interest and corruption. By adhering to this Charter of Reciprocal Commitments, suppliers commit to respecting and implementing all the principles set out therein, such as the principles of the United Nations Global Compact, the International Bill of Human Rights and the fundamental Conventions of the International Labour Organization (ILO), in compliance with contractual provisions and applicable national laws. The ORPEA Responsible Procurement Charter is in line with the Group's Code of Conduct. Its purpose is to serve as a reference framework shared by all players: the ORPEA Group, suppliers and their subcontractors.

The ORPEA Group's objective is to have all its suppliers sign the Responsible Procurement Charter, regardless of where they are located. This charter is a pre-requisite for any commercial partnership. It has been translated into all languages of the countries where the Group operates so that it can be used by staff and suppliers.

The charter is available online at https://orpea-corp-events.com/rse/publications.

The Group intends to develop balanced relationships with all its suppliers, based on trust, transparency, and fair and equitable remuneration, in order to ensure lasting commercial relationships.

100%
of Group buyers trained on the EcoVadis supplier rating process

51%
of global and multinational suppliers hold a valid EcoVadis scorecard

47%
of the purchase volume from global and multinational suppliers is covered by a valid EcoVadis scorecard

55/100
average EcoVadis score of global and multinational suppliers in the portfolio holding a valid scorecard

- Responsible Procurement Charter

Geographical areas	Adoption rate
World	91%
France-Benelux-UK-Ireland	14%
Central Europe	40%
Eastern Europe	63%
Iberian Peninsula and Latin America	57%
Rest of the World	50%
GROUP	**30%**

2023 CSR objective

100% of suppliers (global, multinational, national, regional) have signed the CSR Charter of Reciprocal Commitments proposed by the Group.

2021 progress report

As of 31 December 2021, 30% of listed suppliers (global, multinational, national and regional) had signed the Group's Responsible Procurement Charter.

Inclusion of CSR criteria in purchasing categories

An ongoing process

In addition to trying to shift toward more sustainable products over the years, the Group has also implemented CSR criteria for certain purchasing categories, such as company and service vehicles. The Group is also taking advantage of contracts arriving to term in order to review the CSR criteria of those product families. For example, the category of cleaning products will be subject to a new comprehensive call for tenders at the beginning of 2022, which will include a complete reassessment of the selection criteria in order to be more ambitious in terms of CSR.

Significant progress in 2021 on two key issues

Catering is a central issue for the health of residents and patients and represents 15% of total business volume. As part of its Be Well programme, the Group has created a Responsible Catering Charter in collaboration with the catering departments of all the countries where the Group operates. It will be rolled out gradually in all host countries from 2022 onwards. The charter takes the form of concrete and quantified commitments in terms of fair and environmentally-friendly purchasing.

100%
of coffee, tea and chocolate to be Fairtrade

50%
of food products to be sourced locally or nationally

Similarly, in view of the environmental challenges inherent in the Group's development policy and its operations, ORPEA set out a new sustainable building strategy for 2021 as part of its Go Green programme. For example, it includes **ambitious commitments in terms of low-carbon materials purchasing and low carbon emissions energy contracts** (see sections 4.5.2.3 and 4.5.2.2). In 2021, the Group renegotiated its energy contracts to increase the share of green energy in the overall mix and reduce related carbon emissions.

Building sustainable partnerships

The long-term relationships that the Group has managed to establish with its main suppliers have led to developing joint initiatives to make the business more virtuous. The ORPEA Group seeks to engage its entire value chain in this responsible innovation dynamic.

In 2021, as part of these commercial partnerships, ORPEA developed a circular economy for its medical equipment by refurbishing, reusing raw materials and donating equipment, in close collaboration with its suppliers. One such example is Mer Air Soleil hospital, which donated all of its 150 beds to the Cataladon Association to be used at various health centres in Senegal.

Procurement governance

In order to ensure that the Group's procurement policy is applied in all countries where it operates, 25% of the bonuses of all Global buyers is assessed based on CSR criteria, i.e., on the number of charters signed and the number of suppliers assessed by EcoVadis in their portfolio.

To reinforce this stance, the Group provides its buyers with specific training in responsible procurement as part of the integration of the EcoVadis rating process into the procurement process. This training will also be rolled out to buyers in different geographical areas in 2022.

The ORPEA Group has more than 1,650 listed suppliers (excluding local suppliers). It is therefore essential that the Procurement department is involved at the highest level of the organisation to ensure that the responsible procurement policy is properly implemented. To this end, since December 2021, the Procurement department reports directly to the Executive Vice-President, Finance, who sits on the Group Executive Committee.

4.6.2 ANCHORING THE INNOVATION POLICY

As the driver behind the Group's Act Beyond programme, innovation is a key factor in ORPEA's move to incorporate changes in response to market challenges and user expectations. For ORPEA, innovation is essential to the Be Well programme to improve the care and services provided to residents and patients as well as the working conditions of employees. These challenges are fully in line with the Group's Improving Tomorrow strategy. In this respect, the Group Innovation department strives to promote open innovation that is as close as possible to the needs and expectations of users, to promote project leaders and the culture of innovation, and to engage the entire ecosystem. It also ensures that innovation is consistent with the Group's strategic challenges.

4.6.2.1 A COLLABORATIVE INTERNAL APPROACH

Collaborative definition of an Innovation roadmap

In 2021, the Group fine-tuned its five-year innovation roadmap through a collaborative process involving the different geographical areas and support departments. This multidisciplinary approach identified the following priority work areas:

- **the resident experience;**
- **patient care pathways;**
- **the employee experience;**
- **the cross-functional nature of and connections between professions;**
- **building efficiency.**

Each of these priority work areas was then defined in detail and broken down into concrete objectives. The process of defining the work areas subject to innovation involved more than 60 participants from the Group's various businesses from ten different countries taking part in design-thinking workshops, which apply a human-centred approach to innovation. These workshops produced over 40 concepts which were then studied and prioritised by the ORPEA Innovation Committee in order to finalise the roadmap. The roadmap will be reassessed each year depending on how projects, priorities and strategic opportunities evolve.

Deploying international projects

Following their selection by the Innovation Committee, the concepts were presented to the different geographical areas. In line with its *Glocal* (global + local) approach to innovation, teams in each country then selected the projects according to their local relevance. Workshops were organised to define a specific action plan for each project with the support and guidance of the Corporate Innovation department. As of 31 December 2021, the Group had 115 active projects (at both local and Group level) in four innovation areas: health and care; catering and hospitality; human resources and internal processes; and construction and real estate.

2023 CSR objective

The Group has set itself the goal of rolling out three innovative programmes aimed at enhancing the well-being of residents and patients.

By 2023, all its countries of operation will have implemented at least one of these programmes, which aim to enhance independence, promote social interaction or stimulate the five senses of residents and patients.

2021 progress report

In view of the five-year horizon of the innovation roadmap, three international well-being projects have been initiated. As of 31 December 2021, two were in the planning phase and one in the proof of concept phase in France. The health crisis caused delays for certain projects in 2021 and at the same time accelerated innovation around certain issues such as dialogue with families or remote care.

Governance as close to the ground as possible

This year, the Innovation department joined the Operational Efficiency Vice Presidency in order to gain an even better understanding of resident, patient, family and employee expectations. This new governance system fosters international synergies around common opportunities. It is through this collaborative approach that the Group aims to position itself as a leader in innovation to effectively serve all of its stakeholders.

ORPEA's innovation strategy features the following:

- visibility at the highest level of the organisation because it is monitored by the **CSR & Innovation Committee of the Board of Directors**;
- dissemination throughout the organisation by means of the **Innovation Committee** which includes the **Chief Operating Officer** who plays a key role in monitoring Innovation roadmap projects. This allows for consistency of effort and provides an opportunity to share best practices;
- daily coordination by a **network of Innovation correspondents** in all geographical areas who manage local project portfolios;
- support from **Innovation Advisors**, a small group of **C-Level** executives from the different geographical areas who advise on ideas and topics provided by the Group Innovation department and highlight new avenues to explore.

4.6.2.2 AN OPEN INNOVATION STRATEGY

The Group continues to strengthen its Open Innovation strategy which consists of innovating in an open and collaborative manner by calling on external expertise. Practical initiatives have been undertaken to establish an Innovation ecosystem to feed the Innovation roadmap.

According to the policy adopted by the Group, it is essential to create a framework that nurtures effective and mutually beneficial collaborations with start-ups and other innovative external partners. Three key issues have been addressed:

- **developing the Group's accessibility to innovative partners** by setting up Innovation correspondents in each geographical area to receive and centralise opportunities and requests for collaboration from external partners;
- **implementing a tool to centralise and monitor collaborations** where innovative external partners can share their projects;
- **improving the Group's agility** by establishing monthly Innovation Community meetings with all geographical areas.

Connecting with the local ecosystem

Bringing together key players from the local ecosystem creates an opportunity for them to participate in the co-creation of new innovative solutions and services. To encourage collaboration within countries, ORPEA has defined a framework with recommendations for financial and non-financial partnerships with a variety of players (academic, industrial, accelerators, associations, etc.). These guidelines provide a springboard for multiplying the impact of the Innovation policy in all the geographical areas and countries where ORPEA is present.

In line with this collaborative and outward-looking innovation approach, the Group has set up the "ENOVEA Network" sharing platform, which enables it to:

- collect and classify requests or ideas for innovation ("innovation desk");
- oversee and share progress on projects;
- share best practices and the start-up database, giving them visibility throughout the Group.

This platform, which is present in all of the Group's countries, is run by the Innovation correspondents. Through the ENOVEA Network, the Group can monitor innovative projects in each geographical area and facilitate the sharing and exchange of information between Innovation correspondents and external players.

As of 31 December 2021, the Group has been in active discussions with 127 start-ups in four areas of innovation: health and care; food and hospitality; human resources and internal processes; and real estate and accommodation.

Example of a project deployed in Austria: Cogvis

Since 2017, Cogvis has been developing a solution that combines artificial intelligence and infrared technology to detect and prevent falls, a major issue in the care of the elderly. Austria initiated a pilot study in 2020 to evaluate the performance of the Cogvis tool.

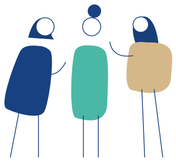
The local ORPEA team worked with Cogvis to improve the solution, resulting in a second generation of the sensor and an increase in the technology's usage to increase the safety of residents. The tests demonstrated 90% accuracy for fall detection and 68-87% accuracy for fall prevention. Today, the solution is deployed at two of the Group's Austrian locations. Additional functions continue to be jointly developed and a wider roll-out is underway.

Committed to participating in the international ecosystem

The Group also aims to engage in the innovation ecosystem beyond its markets. Through targeted initiatives, ORPEA is therefore in contact with international innovators:

- in Israel, the Group was selected to participate in the **Disrupt Me Israel** programme organised by the European Institute of Innovation and Technology (EIT) to learn about the Israeli innovation ecosystem: start-ups, hospitals, institutional players, home care, etc.;
- CES Vegas: ORPEA participated in the **Consumer Electronics Show** (CES) in Las Vegas to identify international innovations and keep abreast of new technological trends.

4.7 Being actively engaged in its communities



Orpea engages in local communities through a continuous relationship with the local population and the local healthcare providers. The Group has an essential role to play in health prevention, research and knowledge sharing, but also in the inclusion of the most vulnerable populations through its community outreach initiatives.

2023 COMMITMENTS

100%
of countries to have a research partnership with a renowned university

100%
of facilities to carry out at least one community outreach initiative during the year, either financially or in kind (supply of equipment, crafted items, time, etc.)

2021 RESULTS

50%
of countries have a research partnership with a Shanghai Ranking Top 10 university

24%
of the Group's facilities have carried out a local or Group-wide community outreach initiative

MORE THAN €800,000
dedicated to community outreach initiatives

Overview of challenges

Due to the nature of its business and its robust development, ORPEA is deeply engaged in its host communities. Its engagement is first and foremost economic and social, as it relates to the creation of local jobs; but ORPEA also contributes to making cities more inclusive and supportive by actively forging connections with local players of all kinds, such as local authorities, care providers, associations and citizens. Thus, by offering patients, residents and beneficiaries care that is closely connected to their personal support network, ORPEA has a positive impact on society.

4.7.1 BEING PART OF A REGIONAL PROJECT

The ORPEA Group's facilities are part of a regional project initiated by local authorities seeking solutions to public health problems. As part of its Act Beyond programme, ORPEA is working with local stakeholders to develop a healthcare project that will help to address the economic, social and urban challenges of the area.

ORPEA is also involved in the construction of new neighbourhoods and the development of neighbourhoods undergoing restructuring, such as the creation of eco-districts. These new installations are planned to be as close to public infrastructure as possible. As part of its construction projects, ORPEA also systematically calls on local service providers, from the preliminary study to the completion of the building. The general contractors, design offices and architects involved in these projects are all local stakeholders.

4.7.2 COOPERATING WITH LOCAL HEALTH CARE PROVIDERS TO SHARE BEST PRACTICES AND RAISE AWARENESS ON HEALTH ISSUES

The public authorities expect healthcare providers to cooperate closely with each other to signpost the healthcare available in any given area clearly and make it as accessible as possible. This applies equally to education, prevention, diagnostics and treatment. The increased prevalence of chronic conditions and more complex care arrangements invariably require patients to visit various types of facilities and also require a high level of coordination with outpatient care. Today, a treatment pathway has to provide an integrated, structured and continuous care plan for patients, close to their homes.

Mindful of these challenges, ORPEA facilities in all countries establish cooperation agreements and work closely with hospitals, clinics, home care and home hospitalisation services. This dynamic approach helps to build effective relationships facilitating resident and patient admissions for medical or geriatric care check-ups, reduces hospitalisation and the use of emergency services and makes it easier for patients and residents to return to their nursing home or hospital once their condition has stabilised.

Thus, these collaborations provide both:

- **continuity of care for patients and residents**, by offering them a whole range of treatment options, with a coordinated life and treatment pathway for every stage in the long-term care process;
- **a care network** that is capable of covering the full spectrum of healthcare needs of the local population.

For example, Group nursing homes and hospitals are developing close ties with:

- **home hospitalisation services** and mobile palliative care teams to help provide complex care and thus reduce hospitalisations of residents;
- **geriatric psychiatry services** to benefit from expertise in the management of behavioural disorders and psychiatric symptoms in the elderly;
- networks of **dentists** to offer support to residents seeking to improve their oral hygiene, which has a favourable impact on nutritional quality;
- networks of **pharmacies, medical analysis laboratories and medical imaging centres** to facilitate access to medical treatment;
- **optical service providers** who visit the facilities and perform visual checks for residents and give them advice on eyeglass maintenance, etc.;
- other **paramedical providers** such as physiotherapists, speech therapists, etc., who provide continuity of care by supporting patients in their return home.

In post-acute and rehabilitation hospitals, the Group's facilities have begun to formalise networks and pathways within their community, organised by speciality and pathology. Accordingly, hospitals are members of the networks in their community according to their speciality (geriatrics, addiction, oncology, etc.) and are committed to being partners or members of regional hospital groups as well as regional professional health communities. Likewise, all psychiatric hospitals participate in local mental health projects.

Lastly, in view of the fact that 60% of the patients seen in the post-acute and rehabilitation hospital sector come from the hospital sector, clinics also strive to develop public-private partnerships, some of which include integrated cooperation, as is the case in the post-acute and rehabilitation hospitals in Charleville-Mézières, or psychiatry, as in the Île-de-France region with two cooperation units with the Argenteuil and Villepinte hospital centres, which make it possible to receive patients without consent under a public service delegation agreement.

In Italy, this type of cooperation with health authorities has been established in psychiatric clinics that participate in the public service, through their units for difficult patients. In the Netherlands, long-stay homes for patients with chronic psychotic disorders are working closely with local authorities to set up reintegration programmes for these patients. In Austria and Germany, mother-child units to support single parents with severely mentally ill children have been implemented in cooperation with local social services to support the schooling of those children and their parents returning to work. In Austria, a programme has been set up with the Ministry of Justice to deal with psychiatric patients who have committed a crime due to their condition. These patients and residents are housed in two facilities and are given support to reintegrate into society.

Managing burn-out and post-traumatic stress in caregivers

In France, several hospitals feature specific units that provide care for caregivers suffering from burn-out or post-traumatic stress. These units, which were set up before the Covid-19 crisis, received several dozen patients in 2021. The units, which benefit from collaboration with former army doctors, provide treatment under favourable conditions, both technically and in terms of human resources, particularly regarding confidentiality and discretion. They are especially adapted to care workers, and are all the more important given the Covid-19 crisis, which has accentuated the stress placed on caregivers.

4.7.3 ENRICHING AND TRANSMITTING KNOWLEDGE

Consistent with the Act Beyond programme of Improving Tomorrow, ORPEA continues working to help respond to public health challenges and improve care for vulnerable people who have experienced a loss of autonomy. For the Group, this genuine commitment is achieved through research and the transmission of knowledge and best practices. To that end, the Group decided to strengthen its research focus by setting up a Research department in June 2021.

4.7.3.1 RESEARCH AND PUBLICATIONS

Four theses
in progress in 2021

15 articles
published in 2021

Being a responsible player in the health sector means encouraging our professionals to use the latest scientific data to inform their practices and give meaning to their work. A consultation process with the various internal and external stakeholders was carried out in 2021 to set out a Research roadmap based on three focus areas integrating both economic and societal aspects:

- **prevention;**
- **"taking care" of patients, residents and beneficiaries;**
- **"taking care" of employees.**

Details of 2021 publications

- Eight articles indexed on **PubMed**, of which five as first author, one as second author and one as last author.
- Two articles indexed on **Google Scholar**, two as first author and one article funded by the ORPEA-CLINEA Group.
- Five articles indexed on **Science Directe**, two as first author, one as second author and one as last author.

Prevention

Prevention is part of the Group's strategy of helping patients return to their home environment and keeping elderly patients at home. Several angles are being explored to support this strategy:

Building a data warehouse

The Group has extensive data from medical records and the living environment of its residents and patients. Combined with exploration tools, these data enable modelling and prediction work to make informed and adapted decisions on a therapeutic level.

In 2021, the Group submitted an application to the IDF region to build and operate a first phase of this data warehouse: based on health data from its retirement home business in France. Preparatory work was carried out in association with universities and public laboratories that could help predict certain outcomes, such as infections, hospitalisations, measuring frailty and delaying the onset of dependency.

Falls in the elderly

Identified as a major public health problem, falls have serious consequences. The Group therefore continued its work of studying balance in the elderly and predicting of the risk of falling and published several articles in 2021:

- *A review of centre of pressure (COP) variables to quantify standing balance in elderly people: Algorithms and open-access code.* Quijoux F, Nicolaï A, Chairi I, Bargiotas I, Ricard D, Yelnik A, Oudre L, Bertin-Hugault F, Vidal PP, Vayatis N, Buffat S, Audiffren J. Physiol Rep. 2021 Nov;9(22):e15067. doi: 10.14814/phy2.15067.PMID: 34826208 Free PMC article;
- *Postadychute-AG, Detection, and Prevention of the Risk of Falling Among Elderly People in Nursing Homes: Protocol of a Multicentre and Prospective Intervention Study.* Quijoux F, Bertin-Hugault F, Zawieja P, Lefèvre M, Vidal PP, Ricard D. Front Digit Health. 2021 Jan 27;2:604552. doi: 10.3389/fdgth.2020.604552. eCollection 2020.PMID: 34713067 Free PMC article.

This work was successful in a call for projects proposed by the "Longevity and Ageing" Major Area of Interest (DIM) of the Île-de-France region. This represents a step forward and it will strengthen the Group's links with its historical partners (ENS Paris-Saclay, CNRS, *Service de Santé des Armées*, *Université de Paris* and INSERM) and will lead to a new partnership with Gerond'If and *Université de Paris* to continue its research. In 2021, the Group prepared the technical and IT compatibility of its tools with those of its partners. Sixteen facilities in the Île-de-France region are equipped to calculate the risk of falling in an objective and reproducible way, thanks to artificial intelligence algorithms. This partnership with the Île-de-France DIM has also led to the supervision of a new doctoral student on this topic.

"Taking care"

The notion of "care" encompasses and goes beyond the purely "caring" relationship of the courses of care and treatment offered by the Group. It includes an even broader notion of "social care", i.e., the search for the optimal adaptation of the courses of care and treatment offered to patients and residents, combined with the measurement of the quality of care delivered, which leads to the notions of useful care and desired care. This work is based on indicators of the objective quality of care and its perception by the person receiving care.

Accompanying admission into a nursing home

A research project in conjunction with the *Assistance Publique-Hôpitaux de Paris* led to the successful completion of a public health thesis on the support of elderly people and their families in nursing homes.

This work enriches the Group's understanding of how to support people upon admission to a facility, which is a period key to the success of a stay. The Covid-19 crisis with its many health restrictions has made this important moment even more complex, seriously impacting the participation of family members in this integration phase. The search for ways to improve the balance between the wishes of family and friends, the person being cared for and facility operations, while meeting regulatory requirements, led to the following publications and oral presentations:

- *Expectations and Needs of Families in Nursing Homes: An Integrative Review.* Havreng-Théry C, Giner-Perot J, Zawieja P, Bertin-Hugault F, Belmin J, Rothan-Tondeur M. Med Care Res Rev. 2021 Aug;78(4):311-325. doi: 10.1177/1077558720907183. Epub 2020 Feb 26.PMID: 32102598;
- [*Lived experience, perceptions, and expectations of close relatives of nursing home residents and strength-based nursing, a phenomenological approach.*] Havreng-Théry C, Bertin-Hugault F, Zawieja P, Belmin J, Rothan-Tondeur M. Geriatr Psychol Neuropsychiatr Vieil. 2021 Sep 1;19(3):261-273. doi: 10.1684/pnv.2021.0953.PMID: 34609292 French;
- *Oral communication* SFGG 2020, Joël Belmin, Charlotte Havreng-Théry, François Bertin-Hugault, Nathavy Um Din, Cristiano Donadio, Quoc-Duy Nghiem, Bruno Oquendo, Carmelo Lafuente-Lafuente. *Associations between 23-valent pneumococcal vaccination and reduction of mortality and hospital admissions in nursing home residents. An observational study in a propensity score-matched cohort.*

Cognitive stimulation

As part of a partnership project with the University of Zaragoza in Spain, the Group studied the usefulness of cognitive stimulation. This work confirmed that cognitive interventions can be an effective option for people with amnestic mild cognitive impairment (aMCI), which is considered a prodromal stage, i.e., a "precursor" to Alzheimer's disease. Twenty-nine people aged over 65 were monitored over 48 months.

This work has resulted in the following publications:

- *Efficacy of cognitive intervention programs in amnesic mild cognitive impairment: A systematic review.* Gómez-Soria I, Peralta-Marrupe P, Calatayud-Sanz E, Latorre E. Arch Gerontol Geriatr. 2021 May-Jun;94:104332. doi: 10.1016/j.archger.2020.104332. Epub 2021 Jan 14.PMID: 33486120 Review;
- [*Long-term effect analysis of a cognitive stimulation program in mild cognitive impairment elderly in Primary Care: A randomized controlled trial*]. Gómez-Soria I, Andrés Esteban EM, Gómez Bruton A, Peralta-Marrupe P. Aten Primaria. 2021 Aug-Sep;53(7):102053. doi: 10.1016/j.aprim.2021.102053. Epub 2021 Apr 14.PMID: 33865010 Free PMC article. Clinical Trial. Spanish.

In Italy, the Group is involved in a partnership with the University of Turin as part of a linguistic research programme studying individuals suffering from dementia, with the aim of improving their interactions with care workers. In 2021, the necessary pre-requisites (analysis of premises, medical files, definition of inclusion and exclusion criteria, information for those involved and their relatives, legal procedures), were carried out. An initial collection of recorded data has been completed and the programme will continue into 2022.

Covid-19 and hygiene

Over the last two years of the epidemic, several studies have been carried out on Covid-19, particularly in Spain, where studies have been carried out on the so-called "English" variant and its effect on a population of 170 vaccinated residents at a nursing home. This work has been recognised by publication in the journal JAMDA:

- *SARS-CoV-2 B 1.1.7 Variant Outbreak in a Fully Vaccinated Nursing Home-Madrid, June 2021.* Mateos-Nozal J, Galán Montemayor JC, Lores Torres S, Barreiro P, Paños Zamora A, Martín Martínez F, García Castelo D, Grandez Torres S, Rodríguez-Domínguez M, Martínez Peromingo FJ, Cruz-Jentoft AJ. J Am Med Dir Assoc. 2021 Nov;22(11):2266-2268. doi: 10.1016/j.jamda.2021.08.032. Epub 2021 Sep 4.PMID: 34555339.

In addition, the Group had already begun research on hygiene at facilities prior to Covid-19, which continued during the health crisis. Although the findings of these studies have not been published, they were used to inform and develop the cleaning and disinfection protocols of the Group's facilities during the epidemic.

Mental health

ORPEA is working on topics related to its psychiatric activities and has therefore established numerous partnerships in France with research centres and laboratories[1]. This work focuses on four major pathologies: depression, bipolar disorders, autism and schizophrenia. The Group also actively participates in research and teaching protocols for training in the Île-de-France region with three associations and learned societies[2] led by medical professors.

As part of its research on addictions, the Group tested a multimodal smoking cessation protocol in 2021, resulting in a publication describing the benefits and limitations of this method:

- *Establishment of a multimodal protocol combining a motivational interview, subcutaneous injection of NicoSan® and hyper-hydration for the "stopsmoking therapy": A multicentre real-life study.* Masetti V, Hadj-Henni L, Rouger G, Ben Bacha M, Kechid L. Encephale. 2021 Dec;47(6):518-532. doi: 10.1016/j.encep.2021.02.021. Epub 2021 Jun 18.PMID: 34148643.

Mention should also be made of all the work carried out by psychologists within the APSPI (**Association to promote psychiatric care in institutions**). Created in 2015 by ORPEA and managed by the psychology department, this association aims to promote better knowledge and improvement of therapeutic programmes for mental health care in institutions.

(1) *Regional Federation for Research in Psychiatry and Mental Health. CRPPC (*Centre de recherche en psychopathologie et psychologie clinique*), LAPCOS (*Laboratoire d'anthropologie, psychologies cliniques, cognitives et sociales*), LCPI (*Laboratoire clinique pathologique et interculturel*), PCPP (*laboratoire de Psychologie clinique, psychopathologie, psychanalyse*) and the Fundamental Laboratory.*

(2) APEP (Association Psychanalyse et Psychothérapie), IVSO (Institut du Virtuel Seine Ouest), Société Française du Rorschach, WAIMH-France, World Association for Infant Mental HealthaSMI WAIMH España, World Association for Infant Mental Health.

Three theses are in progress:

- psychological care of adolescents and the role of mediation, e.g., storytelling;
- the notions of projection in psychoanalysis and the contribution of drawing in virtual reality;
- the effects of projective methods on narcissism and object relations in Alzheimer's disease.

In 2021, the association also published two issues of its journal "Cliniques" on the topic of symptoms and organised its annual conference on the topic of authority, which was open to professionals from all lines of work (public private institutions or associations, health or nursing home facilities, in France or abroad) representing a multitude of therapeutic approaches.

Employee health

Caring for caregivers has always been an issue for the health sector, but it has never been as important as in the wake of the events of recent years. It has become essential to ask the right questions, particularly in terms of stress at work. Caregivers are subject to many ethical dilemmas and complex situations, which generate anxiety and emotional fatigue. It is therefore important to equip them with knowledge and support them in their daily decision-making. In order to begin this reflection, the Group examined professionals and their environment, studying the institutional operating methods and the changes caused by the health crisis in healthcare facilities.

This work has resulted in the following publications:

- Devaux, A. (2021). *Quand une crise en dévoile une autre… La crise sanitaire révélatrice d'une crise institutionnelle.* Cliniques, 21, 166-174. https://doi.org/10.3917/clini.021.0166;
- Ducarre, C. (2021). *Mettre en jeu les symptômes : l'institution poste-frontière.* Cliniques, 21, 128-144 https://doi.org/10.3917/clini.021.0128;
- Fourques, C. (2021). *Expériences du confinement en EHPAD, du côté des résidents et des soignants.* Cliniques, 21, 176-190. https://doi.org/10.3917/clini.021.0176;
- Linde, E. (2021). *Crise de la Covid-19 : impacts chez les soignants et dans le fonctionnement institutionnel.* Cliniques, 21, 156-165. https://doi.org/10.3917/clini.021.0156;
- Perrin-Costantino, C.(2021). *L'altérité à l'épreuve de la Covid-19 : continuer de faire équipe dans la traversée de la crise sanitaire…* Cliniques, 21, 146-154 https://doi.org/10.3917/clini.021.0146.

In 2022, ORPEA plans to build academic partnerships to form consortia and respond to European or international calls for projects on topics related to employee health. The objective is to study how to prevent and support anxiety at work among healthcare professionals through early detection and the implementation of effective prevention programmes.

2023 CSR objective

To strengthen this policy, ORPEA aims to establish a research partnership with a renowned university in all countries where the Group operates.

Progress report

By 31 December 2021, 50% of countries had established a research partnership with a university that is among the country's top 10 universities in the Shanghai Ranking.

Research partnerships

Geographical area	Partnership signed with a University	Partner
FRANCE-BENELUX-UK-IRELAND		
• Belgium	No	
• France	Yes	Paris Saclay University - CNRS - INSERM - SSA - Borelli Centre
• Ireland	Yes	Trinity College Dublin
• Netherlands	Yes	Leyden Academy
• United Kingdom	No	
CENTRAL EUROPE		
• Germany	Yes	German Centre for Aeronautics in cooperation with the University of Cologne
		Albert-Ludwigs-Universität Freiburg
		University of Applied Sciences Niederrhein
		University of Heidelberg
• Italy	Yes	Università di Torino San Luigi di Orbassano
• Switzerland	No	
EASTERN EUROPE		
• Austria	Yes	Paracelsus Privat Universität Salzburg
• Latvia	No	
• Poland	Yes	University of Warsaw
• Czech Republic	Yes	Palcky University Ölmutz
• Slovenia	No	
• Croatia	No	
IBERIAN PENINSULA AND LATIN AMERICA		
• Spain	Yes	Universidad Complutense de Madrid
		Universidad Autónoma de Madrid
• Brazil	No	
• Mexico	No	
• Portugal	Yes	University of Coimbra
• Uruguay	No	
REST OF THE WORLD		
• China	No	

4.7.3.2 EDUCATION

ORPEA is committed to developing vocational training programmes in areas related to its core business to spread the knowledge it has gained more widely. In 2021, the joint certificate programme between ORPEA and the Pekin Union Medical College Hospital (PUMCH) for the "PUMCH-ORPEA Joint Training Program In Elderly Care" could not take place due to Covid-19 and related restrictions. The following programmes did take place in 2021:

- an induction course and educational programme leading to a university diploma in nursing home management with the University of Nice;
- the following five university degrees:
  - geriatric rehabilitation, in association with the University of Nice, now available via e-learning, in collaboration with the University of Paris 7 and the Pitié-Salpêtrière University Hospital;
  - gerontology, in association with the University of Paris 7 and the Charles-Foix Hospital (Pitié Salpêtrière Group);
  - sports cardiology, with the University of Paris VI (Pierre et Marie Curie);
  - hospital hygiene via e-learning, in association with the University of Montpellier-Nîmes;
  - psychiatry nursing, which trains 25 to 30 nurses each year in the specificities of the nursing practice in psychiatry; under the direction of the Lille Faculty of Medicine. This diploma was created and is coordinated by the Group.

Moreover, in France, some 15 hospitals are authorised to host medical interns just like teaching hospitals, such as Meyzieu, Argenteuil, Crosne and Andilly for psychiatry, Fréjus and Marseille for medicine, and Saint-Raphaël for cardiology. The Group is also a partner of the national union of medical interns.

4.7.3.3 SHARING EXPERIENCES WITH LOCAL HEALTH PROFESSIONALS

As part of its drive to open up and cooperate with other local healthcare providers, the Group encourages the sharing of knowledge and best practices with health professionals from all lines of work for the common good.

Accordingly, the Group's facilities have regularly held seminars, conferences and symposiums for local professionals. In 2021, the following topics were addressed: "Non-verbal communication in nursing homes, for support beyond words", "Care plan interaction between homes and nursing homes", "New therapeutic approaches in the treatment of depression and addictions", "Introduction to neurological care", "Multidisciplinary management of spasticity", "Resilience", "Adolescent psychoanalysis" and "Sport by prescription".

In addition, ORPEA Group professionals also take part in local, national and international medical and scientific conferences, with papers or poster presentations on projects and initiatives. In 2021, several of the Group's employees spoke at or organised conferences:

- in France, at the national congress of geriatric professionals and at the French days of the French Geriatric Society on ethics, on the impact of training on behavioural disorders, and on architecture and its impact on the community;
- in Austria, by organising the second Optimamed forum in Vienna, bringing together 130 people on the topic of "Post-Covid Rehabilitation – An Option in Every Indication?".

4.7.4 SHOWING SOLIDARITY IN ITS GEOGRAPHICAL AREAS

The Group is committed to a social and solidarity-based approach through the numerous initiatives of its facilities in support of vulnerable local populations.

ORPEA is committed to ensuring that its facilities develop in a way that is ever more inclusive and closer to communities. The Group supports local associations and opens the doors of its residences and hospitals, involving teams, residents and patients in solidarity and health education initiatives. This makes it a key player in local town centres and society.

The facilities themselves are open places that encourage meetings, exchanges, and local and territorial collaborations. For example, restaurants, cafés and hairdressing salons within the facilities – particularly in Austria, Switzerland and Germany – are designed as meeting points that encourage interaction between the residence and neighbourhood life. In these countries, the sports facilities at the sites are also open to students from neighbouring schools and to elderly people living in the area.

ORPEA teams also run charitable projects within the facilities. These charitable actions take the form of financial donations, donations in kind (equipment, objects crafted by the residents, etc.) or through an investment of "time" by the teams.

In 2021, despite the health situation that forced the Group's nursing homes and hospitals to restrict their opening to the public, in almost all countries, many facilities continued their charitable work.

The Group's facilities are involved in three main areas:

- **fighting social isolation and promoting inclusion;**
- **supporting projects of general interest;**
- **implementing prevention measures for local populations.**

4.7.4.1 FACILITIES COMMITTED TO FIGHTING SOCIAL ISOLATION AND PROMOTING INCLUSION

In all the countries where the Group operates, facilities contribute, according to their own scale, to the development of social bonds within their community, especially for the most vulnerable groups:

- during heat waves or cold spells, facilities open their doors to vulnerable members of the public to provide relief and share the support of staff and residents;
- during holiday periods, some facilities approach town halls and parishes and invite families or isolated elderly people to share a meal with the residents and staff.

Due to health restrictions in 2021, facilities had to limit these types of initiatives and compensated by making in-kind, food and non-food donations, or by preparing gift boxes for isolated families or those without income. This was the case in Italy, Spain, France and Germany. In France, for example, many facilities took part in the "Boxes of Solidarity" operation led by the ORPEA Foundation. More than 700 boxes containing basic necessities for isolated people were prepared and delivered either through the *Petits Frères des Pauvres* organisation or through outreach activities for people experiencing poverty.

The ORPEA Foundation also carried out campaigns to promote the inclusion of various vulnerable populations. For example, head office employees and facilities staff collected 326 kg of professional clothing for men and women to donate to the *Cravate Solidaire* association which supports and promotes access to employment for the long-term unemployed. Also of note were campaigns carried out to support associations such as *Like ton job* and *Nos quartiers ont du Talent*, whereby facilities staff or French head office employees act as mentors for secondary school students or young graduates from modest backgrounds. Nearly 70 such collaborations have been carried out by Group employees in France.

The year 2021 was also marked by initiatives linked to exceptional events. This is the case, for example, with the floods in winter 2021. In Germany, several of the Group's hospitals raised funds to assist the victims or provided shelter for families and children until they found new accommodation. Some of the children also benefited from the psychological support of the hospitals' parent/child care teams. In Belgium, facilities in Liège, which was particularly affected by the floods, provided support to victims. In Italy, donations were made by facilities to families living nearby and most affected by Covid-19.

The ORPEA Foundation, a catalyst for the Company's charitable and community outreach activities

The ambition of the ORPEA Foundation, created in 2019, is to encourage and support the commitment and involvement of teams throughout France around a mission: "To transmit and create links through Education and Health."

There are two main areas of focus, as follows:

- **health**: promoting access to care, especially for the youngest, and providing after-care support;
- **education**: preventing school dropout and promoting the professional integration of young people.

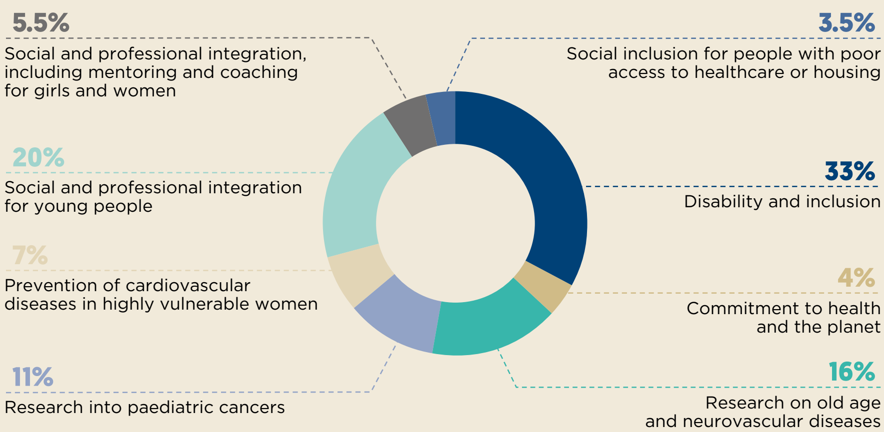
Built around employees, the ORPEA Foundation mobilises and directly involves them at all levels of its organisation. They all have the opportunity to be "Ambassadors" by proposing and promoting charitable and community outreach activities in their territories or within their facilities. They can become involved as "Pathfinders" and thus become the Foundation's link in the field by accompanying staff and acting as liaisons with the associations. They participate in the project selection process led by the Selection Committee for projects pre-selected by the Foundation.

Since its creation, the ORPEA Foundation has supported numerous projects related to inclusion and professional integration or reintegration:

- for people with **disabilities;**
- for people whose **health problems** have had a negative impact on their life;
- for **young people**, especially girls;
- for **people struggling with unemployment**.

In 2021, following various calls for projects, the Foundation financed **39 projects** for a total of **€727,820**.

Details of funding allocated by the ORPEA Foundation in 2021



4.7.4.2 SUPPORT FOR PROJECTS OF GENERAL INTEREST

Charitable campaigns and other community outreach initiatives in favour of local associations can be carried out through donation drives involving employees and residents, or by crafting objects that can be sold to raise funds. The main causes supported in 2021 were the following:

- **Alzheimer's disease and neurodegenerative diseases in general:** in Italy, many staff members participated in the "Alzheimer's Marathon" to raise funds for research. In France, local branches of the France Alzheimer association have received support from many facilities. In Spain, collaborations between some facilities and associations of families and patients with Alzheimer's disease are ongoing.
- **Fighting cancer:** in Spain, the ongoing collaboration between some facilities and the non-profit organisation *Pulseras Candelas*, which raises funds to support research into children's cancer, involves crafting and selling bracelets in aid of the organisation. In Portugal, several facilities support the Rioja Cancer Association. In France, paediatric cancer research was one of the Corporate Foundation's major focuses in 2021. In 2021, staff once again participated in the race held by the Imagine For Margo non-profit that fights childhood cancer. In France, many teams also mobilised to take part in Pink October, which raises awareness on breast cancer and provides support to numerous non-profit such as *Ruban Rose* or *Les Blouses Roses*. In Switzerland, several Group hospitals supported cancer research through a donation from the head office directly to the *Ligue contre le Cancer*.
- **Disability and neurological diseases:** in France, ORPEA is a committed supporter of the AFM Telethon. Mental health is one of the most supported causes in France, notably through the partnership between the Corporate Foundation and *Psychodon*. The aim of this major annual campaign is to raise awareness on the subject of mental illness, a subject dear to the Group as part of its All In programme, which aims to change society's view of mental illness. Forty-two facilities and departments took part by supporting, raising awareness and mobilising in three main areas: research, supporting patients and families and prevention in the territories.
- **Support for non-profits working with children:** In 2021, various non-profits working with children were supported. In China, for example, the local headquarters coordinated donation campaigns on the occasion of Tencent's "99 Giving Day". Each nursing home director chose the local organisation he or she wanted to support through a fundraising campaign organised among the residents, staff and local population. The two non-profits supported this year concerned the care of orphans. In Italy, donations collected from a particular residence were donated to the International Action for the adoption of three children from Nepal. Other institutions have also chosen to support children's causes: Belgium (rehabilitation care for children), Austria (children's heart disease), Spain and Germany (financial support or donations in kind to local schools).
- **Environmental protection:** the environment was an area of focus for French facilities in 2021. Whether through campaigns carried out by the corporate Foundation, regional campaigns or even directly at the initiative of the facilities themselves, this work involved collecting waste in the creeks near Marseille, planting trees and cleaning up the surroundings of the residences. Italian, Spanish and Austrian facilities have also chosen to support environmental causes.

4.7.4.3 PREVENTION MEASURES FOR LOCAL POPULATIONS

All the Group's facilities arrange meetings from time to time with the local population in the form of open days, conferences and café debates. These meetings are an opportunity for the local population to obtain information and advice via practical seminars and workshops, to meet health professionals, and to share experiences with other families. They are also a way to better inform the local media about public health issues and the challenges of ageing.

Eating well, sleeping well, preventing falls, understanding Alzheimer's disease, learning to live better with one's disease are some of the topics addressed during these events. During these discussions, teams of health professionals provide families or relatives with concrete tools to understand their situation. Many of the Group's facilities have also mobilised to help raise awareness among the local population on national and international days such as World Alzheimer's Day, Breast Cancer Day, Smoke Free Month and Mental Health Day. Other topics were also covered, such as preventing falls, emergency training, fighting malnutrition and hand hygiene. In Poland, workshops were organised for home caregivers. Also in 2021, in response to Covid-19 surges, many facilities opened their doors to local doctors to conduct vaccination campaigns for all their local patients.

All of these initiatives demonstrate the high level of engagement of facilities with their immediate environment. In return, the outpouring of solidarity in support of facilities and their teams was legion again this year in the context of Covid-19 on the part of local players who saluted the involvement and dedication of the teams to residents and patients.

Intergenerational exchanges

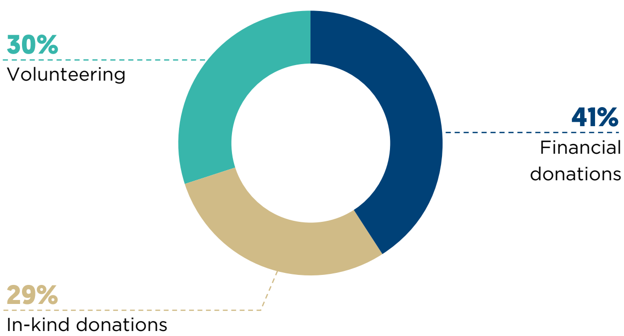
Campaigns that promote intergenerational connections are particularly valued in the Group's facilities. In Belgium, for example, the nationwide "Volunteer for Life" campaign aims to keep residents connected to the outside world by providing them with opportunities to share their talents during interactive events or joint activities. This campaign is based on the idea that providing a platform for older people to pass on some of their knowledge and wisdom to children, young people or any other public creates a positive dynamic for all. Individuals, groups or schools can sign up to talk to residents of a nearby care home about topics as varied as women's right to vote, the arrival of television or the Second World War. During the health crisis in 2021, seniors in nursing homes were able to connect with classes of students mainly through video links.

In Spain, the same type of initiative was launched a few years ago under the name "*Adopta un Abuelo*" ("Adopt a Grandparent") where young volunteers spend time and share experiences with residents. In other Spanish residences, schoolchildren sent letters and drawings.

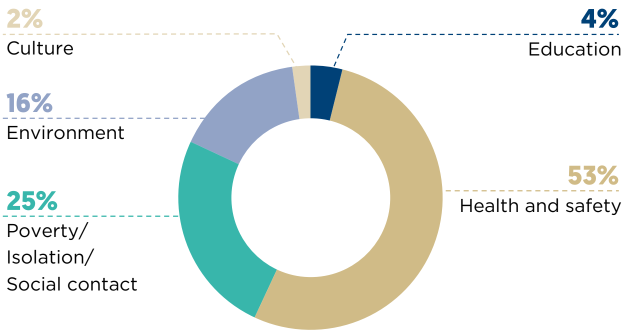
€813,400

dedicated to charity and community outreach in 2021

Percentage by type of activity



Percentage by type of cause supported



2023 CSR objective

All facilities conduct at least one charitable/community outreach initiative during the year.

2021 progress report

24% of facilities carried out at least one charitable/community outreach initiative during the year, either through a financial donation and/or a donation in kind.

Charitable and community outreach work

Geographical areas	Percentage of institutions having carried out at least one initiative in 2021
France-Benelux-UK-Ireland	23%
Central Europe	22%
Eastern Europe	11%
Iberian Peninsula and Latin America	23%
Rest of the World	100%
GROUP	**24%**

4.8 Duty of Care Plan

As part of the commitment to the Global Compact and in compliance with the 27 March 2017 law on duty of care, ORPEA has drawn up its Duty of Care Plan, which aims to identify and prevent serious violations of human rights, fundamental freedoms, human health and safety, and the environment. The ORPEA Group believes that constant vigilance must be exercised with regard to the impact of its activities on people and the environment as this is a key factor in the resilience of its business model. In addition, ORPEA endeavours to rigorously uphold human rights and comply with the labour, personal health and safety, and environmental legislation in all the geographical areas where it is present.

4.8.1 GROUP RISK MAPPING

In 2019, the Company carried out a comprehensive review of its risk mapping process to identify the main risks throughout the Group. All subsidiaries and activities were included in the exercise to take into account changes within the company and its operating environment. The risk map was presented and shared in full with the members of the Group's Executive Management and with the Audit Committee. The Group's risk mapping programme is built on the following pillars:

- analysing and classifying by category the risks identified through interviews conducted with the Group's principal directors and the departments of the different geographical areas;
- rating each risk based on expected severity, likelihood of occurrence and level of control;
- overseeing action plans to mitigate the risks that constitute key challenges for the Group.

The action plans relating to risks identified as significant were refined as part of a process of continuous improvement. Specific risk maps for information systems, corruption and influence peddling were updated in 2021 and were included in the risks monitored at Group level.

In 2022, the Group carried out a new assessment of its main risks and updated its risk map accordingly, particularly regarding the consequences of the crisis faced by the Group and its stakeholders since the publication, on 26 January 2022, of a book containing allegations of wrongdoing, particularly in Group-operated facilities.

4.8.2 SPECIAL MAPPING

Core Business risks related to residents and patients

Given the nature of its operations, the ORPEA Group applies an active risk management policy for risks inherent to its business. The risk prevention and management framework is based on a structured approach, which aims to identify, assess and control risk factors liable to adversely affect the Group's operation. As part of this approach, ORPEA has identified the risks that may adversely affect its patients and residents. Operational risk management is based on both the drafting of procedures at all stages of care for residents and patients and on the training of teams and the evaluation of their practices and compliance with processes (see section 4.3).

Risks related to personal data protection

The Group considers data security and confidentiality to be a strategic priority due to the sensitive nature of the data processed. Accordingly, it has laid down and implemented strict security rules to safeguard data integrity, availability, traceability and confidentiality, including during data transfer. The Group has paid special attention to the concept of user profiles, restricting data access, especially to medical data. Accordingly, each user has access solely to the data required for their duties and assignments. Since October 2016, ORPEA's **Data Center** has been **ISO 27001** certified. This certification was renewed in October 2019, a few months after the Group obtained **Health Data Hosting (HDS) certification** as an infrastructure host and managed hosting provider, in order to store health data internally. The HDS certification was renewed in May 2022 and the ISO 27001 certification is expected to be renewed next autumn.

The Information Systems Security department is responsible for securing the infrastructure, systems and applications necessary for the Group's business. Its role is to prevent intrusions, viruses and attacks by providing a set of hardware and software dedicated to IT security and by regularly carrying out intrusion tests, as well as awareness-raising campaigns and employee training on phishing, for example. In 2021, 17,496 employees were trained in cybersecurity.

Specialised companies, external auditors and the Group Internal Audit department regularly test the effectiveness and robustness of the access management rules and controls implemented. The Group also regularly implements and monitors concrete security and data privacy measures. These include programmes to raise employee awareness, an impact assessment procedure, upskilling of the Information Systems department staff, etc.

It further strengthened its data protection policy in May 2018 when the General Data Protection Regulation (GDPR) was introduced. A data protection officer (DPO) is responsible for managing all the relevant GDPR obligations Group-wide. In terms of governance, the data protection department is part of the audit, risk and compliance department. The Group DPO can also call on a network of internal and external correspondents in the different geographical areas and Business Units who put Group policy into action.

Cooperation between the DPO and teams responsible for the security of information systems was also reinforced. Each project is now subject to a formalised and joint review before it is launched to ensure, notably, the protection of personal data from the design stage (privacy by design). The DPO also coordinates answers to requests relating to the exercise of rights as well as responses to security incidents and personal data violations, in particular, those which could be reported via the Group's whistleblowing platform.

The GDPR Steering Committee, of which the audit, risk and compliance, legal and information systems departments, as well as the Corporate Secretary are members, monitors the deployment of the Group's roadmap and makes any decisions where necessary.

Lastly, in the first half of 2021, the Group published a Data Protection Statement of Compliance on its website (https://www.orpea-corp.com/en/2011-12-21-17-32-45/sri), summarising the following ORPEA commitments (in compliance with GDPR or local regulations when GDPR does not apply):

- legality;
- transparency;
- minimisation of data proportionality;
- accuracy;
- retention and deletion;
- confidentiality and data security;
- accountability.

A commitment to respecting individual rights is also included, as are the procedures for notifying data breaches.

Risks related to information systems

Governance of information systems security is based on a security management system certified ISO 27001 since 2016 and HDS since 2019 for the scope of the Data Center covering almost the whole Group (France, Germany, Italy, Spain, Portugal, Belgium and Poland). The information systems and cybersecurity risk map was revised in 2019 as part of certification renewal and updated in 2021. An IT Charter detailing best practices relating to IT security was deployed in France in 2021. All current employees have signed this charter, which is included as an annex to the Internal Rules of Procedure provided to all new employees. It will be adapted and implemented gradually across all countries.

Non-compliance risks

Since 2018, the Group has endeavoured to roll out a full complement of processes in line with the Sapin II law. To remain aligned with evolving market practices and regulatory requirements, a new risk mapping process was undertaken in 2021 to specifically address corruption and influence peddling risks. The Group chose to be assisted by an internationally renowned firm in order to benefit from best market practice benchmarks and to guarantee the objectivity of the approach (note that the other risks are addressed in the Group risk mapping). The mapping exercise covered 19 countries with specific maps that were then summarised into a single Group map. Between the end of 2021 and the beginning of 2022, the results were shared with the management in the different geographical areas and with Executive Management.

Environmental risks

The Group's environmental risks are assessed according to the principle of double materiality and are based on two priority areas:

- (i) the Group's impact on natural ecosystems: carbon emissions related to the operation of buildings (heating, electricity, etc.) and their construction (building materials, soil artificialisation, etc.), pollution related to the waste generated by the Group's activities, use of natural resources (water, food, etc.);
- (ii) risks incurred by the Group, particularly due to climate change. In 2021, ORPEA carried out a review on the resilience of its business model according to TCFD recommendations. This approach will be continued and strengthened in 2022.

Main risks

The main risks identified when carrying out duty of care are as follows:

Topics related to duty of care	Risks identified
Personal health and safety	• Risk related to medical care and quality of care. • Risk related to facility safety conditions. • Risk related to employee health and safety.
Human rights	• Risk related to a failure to respect the rights and dignity of vulnerable people requiring care. • Risks related to purchasing, suppliers and subcontractors.
Environment	• Risk of a failure to take environmental responsibility into account in construction projects or in the management of facilities. • Risk related to the consequences of climate change.

4.8.3 PROCEDURES FOR ASSESSING AND MONITORING IMPLEMENTATION

Several ORPEA Group departments are involved in the regular assessment of risks and monitoring of mitigation measures.

Assessing and monitoring the Group's facilities

Several types of assessments are regularly conducted within the Group's facilities to ensure the proper functioning of the quality systems implemented. These assessments can be performed by internal teams or by external administrations or organisations. In addition to internal and external assessments, surveys are conducted among residents, patients, people receiving home care and employees to assess their level of satisfaction and commitment.

Internal assessments

Internal assessments are carried out by the regional departments, the quality department and the medical department. Self-assessments are also carried out by the teams in the facilities. ORPEA has deployed a quality control process that applies to all its facilities in every geographical area. Two hundred criteria related to care and treatment, safety and security, meals, hygiene and monitoring of the quality process are tracked and controlled (see section 4.3.2.3).

External assessments

In addition to the assessments carried out by ORPEA's internal teams, external audits are carried out by authorised bodies, such as food analysis laboratories, or external inspection agencies for building security.

ORPEA Group operations are subject to regular assessment, control and certification by inspection offices, competent authorities and independent bodies (see section 4.3.2.3).

Satisfaction surveys

Satisfaction surveys are organised through independent organisations at all Group sites. If necessary, improvement plans are defined at each site in order to maintain the Group's quality standards (see section 4.3.4.2).

Engagement survey

In 2021, the Group conducted its first employee engagement survey for all of its employees (see section 4.4.3.1). Analysis of the results enabled the Group to identify its strengths and areas for improvement and will inform implementation of global and national action plans in 2022.

Assessing and monitoring the situation in the Group's geographical areas

Business Reviews in the geographical areas

In 2021, Business Reviews will be held on average every three to four months individually between each geographical area and the Group Executive Committee, which includes the Chief Executive Officer and all the Group's vice-presidents. These meetings allow for a review of the strategy's orientations and deployment, key decisions relating to each geographical area and the review of ongoing action plans.

Operations Committee in the geographical areas

In 2021, Operations Committees meetings were held monthly at the level of each geographical area together with the management team of the entity concerned. Various support services (local or corporate) may participate in these meetings from time to time.

These Committees reviewed any issues relating to the operating procedures of the facilities in the geographical area. Their discussions included an update on action plans in progress and on implementation, budgets, CSR commitments, quality and the training programme. The decisions taken at these Operations Committee meetings were consistently passed on and explained in detail to facilitate their implementation – via monthly meetings with the operations director of the relevant entity, regional directors and facility directors – and followed up in action plans.

Community meetings

The Group departments regularly organise "community meetings" in which their counterparts from the Group's various geographical areas also take part. This is a way to share action plans and monitor their implementation across all countries.

Ethics Council

To reinforce the attention it gives to the ethical aspects of care practices, the Group established an International Scientific and Ethics Council (ISEC) (see section 4.3.1.1). Its work helps to nurture the practices of the various teams at ORPEA facilities in France and around the world. Each of the Group's facilities can refer matters to the Council and raise questions concerning a resident's or patient's care, especially where this has implications for positive treatment. In 2022, France will create its own Ethics Committee, in collaboration with the Group Ethics Committee, in order to bring the Committee closer to the problems encountered in the field.

Every year the International Scientific and Ethics Council organises the ORPEA Excellence Awards to promote a responsible professional and pragmatic culture of clinical ethics and to encourage teams to innovate, to question their approach and make constant improvements to the care they provide to residents and patients. The event aims to reward the Group's teams that have proposed noteworthy clinical ethics programmes.

Audit, Risk and Compliance department

Since 2017, the audit, risk and compliance department has been reinforced at both the Group and geographical-area level.

This department reports to the Executive Management team and to the Audit Committee for day-to-day operations. It is built around two units:

- the permanent control unit endeavours to identify and prevent risk factors and to deploy an internal control framework. It has four main sub-units:
  - risk management, which is tasked with preparing and coordinating different risk mapping exercises,
  - internal control, which is tasked with establishing and coordinating the internal control framework,
  - compliance, which is tasked with ensuring that the Group complies with its obligations, in particular to fight corruption and influence peddling,
  - data protection, which is tasked with ensuring that the Group complies with its obligations in relation to personal data;
- the periodic control unit corresponds exclusively to internal audit and is responsible for ensuring that the internal control system is effective and that risks are mitigated within all Group entities. It may also recommend improvements to limit risk exposure.

Assessing and monitoring the situation of subcontractors and suppliers

In view of the results of the internal and external investigations carried out following publication of a book containing allegations of wrongdoing, the Group decided to significantly strengthen its internal control framework. In this respect, initial measures have already been implemented, such as strengthening the prevention and management of conflicts of interest and actively promoting the whistleblowing platform for employees and the new Code of Conduct – Ethics and CSR.

Responsible procurement

ORPEA strives to extend its social, societal and environmental commitments to its relationships with its suppliers. The Group considers them to be real partners with whom it is vital to build a trust-based relationship and to share common values, goals and objectives.

Keen to improve its practices for the benefit of residents and patients, the Group's Procurement department regularly assesses its major suppliers. Should any incident occur from the use of a product, the relevant facility draws up an incident report and forwards it to the Procurement department. This helps to keep track of any issues arising, and corrective action can be implemented if necessary. The Group also plans to begin a comprehensive analysis of its supplier-related risks in 2022 (see section 4.6.1).

Third party assessment

The Compliance department launched a process to identify and assess significant existing third-party partners. The following departments have already undergone more in-depth analyses: Development, Construction, Procurement and IT. Suppliers were pre-classified on the basis of their business volumes with the Group or their strategic importance. Depending on the results of the evaluation, the compliance department then conducted "Know Your Third Party" procedures based on in-depth due diligence compliance questionnaires. Action plans were then implemented based on the responses provided.

At the same time, the Code of Conduct was sent to the Group's suppliers, and compliance clauses were included in commercial agreements. For certain new third parties, the arrangements are based on internal control and approval procedures. Due diligence processes are carried out with the support of local compliance correspondents and include verifying the integrity of certain strategic third parties (such as first-tier suppliers and general contractors) and almost all third parties involved in acquisitions (intermediaries and sales representatives).

4.8.4 RISK PREVENTION AND MITIGATION ACTIONS AGAINST SEVERE BREACHES OF HUMAN RIGHTS OR ENVIRONMENTAL DAMAGE

The Group is constantly working, along with all of its teams, to mitigate or prevent the risks of serious human rights and environmental violations.

Personal health and safety

Action plans to limit and reduce potential harm to personal health and safety are in place and focus mainly on the following:

Compliance with best practices

The Group's executive directors strive to create and maintain an environment conducive to promoting and respecting ethical principles and internal control. In the past, the Group has drawn up ethical and quality charters, such as ORPEA's commitment to residents, patients and their families, which transmit its values and best practices.

In 2021, the Group worked on a complete rewrite of the 2018 Code of Conduct leading to the publication of its Code of Conduct – Ethics and CSR. This has allowed the Group to refocus on its core business of accommodating and caring for patients and residents. The Code is now structured around four main parts (see section 4.2.2):

- ethics, as a people-centred company (principles 1 to 4);
- responsibility, as an employer (principles 5 to 7);
- citizenship, as an engaged actor in the geographical areas and society (principles 8 and 9), i.e., the Group's impact on society and the environment as a committed player;
- integrity, in the conduct of business (principles 10 to 16), including the Group's commitments to anti-corruption, respect for business partners and the Group's commitments as a listed company.

These principles are put into action through a robust training policy supporting employees with implementing the best practices contained in these documents.

Because of the events that affected the Group in 2022, the training policy on these topics has been reinforced.

Ensuring the health of residents, patients and other beneficiaries

To handle the different risks that facilities may face (pandemics, infections, food safety, medical device safety, etc.), the ORPEA Group has implemented preventive measures and corrective action plans in compliance with the legislation of different countries. Consequently, the Group has deployed a training policy on the best practices to be implemented. The Group has invested in computerised tools so that it can guarantee full traceability of healthcare procedures and medicines. The Group has also defined a food plan to guarantee food safety and provide healthy, high-quality food. In addition, a crisis management plan is in place to round out these measures (health crises, heat waves, extreme cold, etc.) (see section 4.3.2).

Maintaining suitable working conditions

Building trust is key to improving working conditions in the facilities. ORPEA has earned recognition for its expertise in protecting physical and mental health thanks to the constant vigilance of its directors on this topic, ensuring that its staff are trained to work in complete safety and establishing good employee relations. In many countries, ambitious policies have been introduced in conjunction with the HR department and employee representatives to enhance employees' quality of life in the workplace. Depending on the country, this means, for example, providing teams with gym facilities or help with reserving a place in a childcare facility.

For the Group, taking steps to foster good working conditions helps to prevent health problems, reduce the risk of accidents and increase the quality of care provided to residents and patients. Priority is given to reducing work-related accidents and work-related musculoskeletal disorders on the one hand and spreading the workload evenly on the other.

In 2022, the Group will strengthen its policy to fight work-related accidents.

As part of the prevention of psychosocial risks, facility directors and team leaders also receive training to optimise their management role. Communication, crisis management and team leadership training as well as training on preventing psychosocial risks is provided every year. In 2009, the Group established the "Group emergency intervention unit", consisting of qualified psychologists with special training in facility trauma to support employees dealing with great emotional distress caused by the very nature of the work they do and the health crisis.

In 2022, due to the emotional response to the publication of a book containing allegations of wrongdoing, the Group strengthened its support for employees with a dedicated telephone hotline and by setting up discussion groups.

As well as protecting their health, ORPEA also wants to provide its employees with a working environment conducive to well-being. Staff rooms are more spacious, comfortable and well equipped and buildings are designed to let in as much light as possible with windows at eye level and wherever possible in front of work stations, in each work area and in break rooms, etc.

Keeping individuals safe and secure at the facilities

Keeping people physically safe is a pre-requisite for any medical facility or nursing home. ORPEA has identified all the health and safety risks that could occur in its facilities and has introduced appropriate tools in the form of procedures, training, checklists and verifications to prevent and manage these risks. The main risks associated with buildings are:

- water quality and temperature (prevention of the risk of legionella, controlling the purity and temperature of the water using aerators, etc.);
- building safety (fire safety, asbestos, radon, etc.);
- geographical location (risk of floods, forest fires, chemical spills, etc.);
- climate change (risk of heat waves).

ORPEA invests heavily each year to ensure that its facilities, in all the geographical areas in which it operates, provide high-quality, safe and comfortable accommodation and comply with government health, safety and fire directives. Therefore, a works budget is allocated each year by each country's management to fully comply with regulatory standards while prioritising the quality of the living and care environment. A Construction department established in each country is responsible for building safety and maintenance (see section 4.3.2.2).

Human rights and business ethics

Action plans are developed to respect the rights of residents and patients and ensure quality care. Their main focuses are:

Respecting the rights and dignity of vulnerable people requiring care

The Group has carried out a preventive and restorative protocol in all of its facilities to prevent any acts of abuse (recruitment procedures, employee integration, support and training). In addition to preventing abuse, the Group encourages and supports ethical discussions within facilities and invites teams to constantly question their care and treatment practices. Ethics and positive treatment correspondents are identified within teams and trained and supported to carry out this policy in all facilities (see section 4.3.1.2).

Business ethics

The purchasing, legal and compliance departments work together with third parties to define actions to be implemented based on the results of third-party assessments and/or development projects. The implementation of the gifts and entertainment policy, as well as a guide for preventing and managing conflicts of interest, also contribute to strengthening a culture of ethics within ORPEA.

As a result of its desire to involve its suppliers in its CSR approach, the ORPEA Group has further strengthened its responsible procurement policy by integrating CSR criteria into its purchasing processes, especially during its calls for tenders and contracts with its suppliers (see section 4.6.1.2).

The Group will continue to strengthen all these compliance procedures in 2022 to ensure full compliance with business ethics commitments.

Environment

In 2021, the Group developed its environmental strategy. ORPEA aims to limit its environmental footprint by:

- reducing its energy consumption;
- measuring and reducing its carbon emissions;
- measuring and optimising waste disposal (including fighting food waste);
- protecting water resources;
- placing biodiversity at the very heart of the Group's operations;
- raising awareness among all stakeholders.

For more details on policies implemented and monitoring indicators, please refer to section 4.5.

4.8.5 INTRODUCTION OF A WHISTLEBLOWING PLATFORM

Paying close attention to complaints received from residents and patients

One of the main concerns of facility directors is maintaining an ongoing, transparent and constructive dialogue and meeting the expectations of residents, patients and their families. This dialogue and transparency give residents and patients the possibility of shaping their own care pathway so that they take the lead in decisions related to their health and thus maintain their independence.

Different measures have been introduced Group-wide to make sure they are listened to attentively and compassionately. Accordingly, special attention is paid to complaints made by patients, residents and their families, to the handling of those complaints, and to their follow-up. At the same time, a constructive dialogue is established in all facilities and geographical areas through:

- committees (menus, activities, social life, etc.);
- residents' councils (known in France as *Conseils de la vie sociale*);
- user representatives in hospitals from accredited healthcare associations who sit on the Users Committee.

Following publication of a book containing allegations of wrongdoing and in order to further strengthen the dialogue with residents, patients, families and loved ones, the Group decided to provide call centres for families and relatives as well as opportunities for mediation to help resolve complicated situations.

Employee representative bodies responsible for safety and working conditions

The Group fully involves local employee representative bodies, if such bodies are present, in its development. Although ORPEA maintains employee dialogue throughout the year, both via trade unions and with all staff in the field, actions to strengthen dialogue with all partners will also be carried out in 2022.

Whistleblowing platform

In June 2018, in accordance with the Sapin II law, a general whistleblowing platform for all stakeholders was introduced, providing them with a mechanism to report breaches of the Code of Conduct, especially those concerning fraud, corruption, conflicts of interest and influence peddling (see section 4.2.2.8).

Confidentiality of the information disclosed is guaranteed at every stage of the whistleblowing process, which extends to the identity of the whistleblower. No action may be taken against an employee who reports in good faith a breach of the principles laid down in the Group's Code of Conduct through the whistleblowing platform, which is available at www.orpea.signalement.net.

At the beginning of 2022, the Group ramped up its efforts to promote the platform and inform all employees about it.

Deploying environmental measurement tools

The implementation of digital solutions for measuring energy and water consumption allows the Group to detect abnormal energy or water consumption as quickly as possible. Corrective action plans are then determined to remedy these malfunctions (see section 4.5.2.2).

4.9 Non-financial performance assessment

As part of its CSR strategy, ORPEA is committed to continuous improvement based on accurate and quantified indicators. Throughout the year, and more particularly during annual assessments, ORPEA regularly exchanges with rating agencies and answers non-financial questionnaires in order to contribute to an evaluation of its CSR issues by its stakeholders.

In 2021, in order to improve the readability of this report and to give more reliability and visibility to its shareholders, investors and lenders, the Group decided to include cross-reference tables for the main global standards which are the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI).

At end-2021, the Group's non-financial ratings are as follows:

- Gaia Rating: 76/100;
- ISS: ORPEA has "Premium" status, meaning that ORPEA meets the sector's sustainable development and transparency requirements (Rating: C+);
- Moody's (formerly Vigeo): rating of 44/100;
- Sustainalytics: the level of risk was rated 24 (Medium Risk) on a scale from 0 to 40 and above, unchanged since 2018.

All of these non-financial ratings place the Group favourably in comparison with its sector:

Agencies	ORPEA	Ranking
Gaia	76	ORPEA ranked 8/50
ISS	C+	Rating < C: 85% of the sector
Moody's (Vigeo)[1]	44	ORPEA ranked 12/47
Sustainalytics	24	ORPEA ranked 189/547 (healthcare), 5/113 (medical facilities)

(1) Rating reviewed in February 2022 following the publication of a book containing allegations of wrongdoing.

Following the publication of a book containing allegations of wrongdoing and the results of external and internal investigations, the Group expects to achieve lower non-financial ratings for 2022.

The Group is also present in the STOXX® France 90 ESG-X, EURO STOXX®, ESG-X and EURO STOXX® Mid ESG-X indices.

In addition, ORPEA strives to respond throughout the year to requests from ESG investors and analysts. To that end, the Group offers them visits to its facilities in the presence, where possible, of its quality and medical staff.

ORPEA also takes part in ESG investor meetings as part of the conferences organised by brokers, as well as in round tables or theme days addressing non-financial topics.

4.10 GRI, SASB cross-reference tables

4.10.1 GLOBAL REPORTING INITIATIVE (GRI)

ORPEA has reported the information cited in this GRI content index for the period from 1 January 2021 to 31 December 2021 with reference to the GRI Standards.

The standards presented below are applicable to all business sectors and represent the economic, social and environmental indicators for the Group's activity.

GRI reference	Topic	Relevant section of the URD
GENERAL INFORMATION		
1. The organisation and its reporting practices		
2-1	Organisational details	Introduction: Business model
		4.1.1 Strategic positioning
		4.4.1 Group profile
2-3	Reporting period, frequency and contact point	4.11 Methodological note
2-5	External assurance	4.12 Report of one of the Statutory Auditors appointed as an independent third party on the consolidated non-financial statement
2. Activities and workers		
2-7	Employees	4.4.1.3 Key figures
		4.4.4.1 Gender equality in the workplace and women in executive positions
		4.4.4.2 Long-term employment opportunities for different generations
3. Governance		
2-9	Governance structure and composition	4.1.2 Full integration of CSR into corporate governance
2-13	Delegation of responsibility for managing impacts	
2-15	Conflicts of interest	4.2.2.1 Code of Conduct
		4.2.2.4 Gifts and entertainment policy
		4.2.2.5 Guide to preventing and managing conflicts of interest
		4.2.2.8 Whistleblowing platform
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Introduction: Message from the President
2-23	Policy commitments	4.4.1.1 Values
		4.2.2.1 Code of Conduct
		4.8.4 Risk prevention and mitigation actions against severe breaches of human rights or environmental damage
2-24	Embedding policy commitments	
2-26	Mechanisms for seeking advice and raising concerns	4.2.2.8 Whistleblowing platform
		4.3.1.1 A culture of ethics subject to ongoing review
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	4.1.1 Strategic positioning
2-30	Collective bargaining agreements	4.4.2.3 Strengthening employee dialogue

Specific standards

GRI reference	Standard	Topic	Relevant section of the URD
GRI 200: ECONOMIC TOPICS			
204: Procurement practices	204-1	Proportion of spending on local suppliers	4.6.1.1 Procurement at ORPEA
			4.6.1.2 Responsible procurement policy
205: Anti-corruption	205-1	Operations assessed for risks related to corruption	4.6.1.1 Procurement at ORPEA
			4.8.1 Group risk mapping
			4.2.2.8 Whistleblowing platform
	205-2	Communication and training about anti-corruption policies and procedures	4.2.2.1 Code of Conduct
GRI 300: ENVIRONMENT			
302: Energy	302-1	Energy consumption within the organisation	4.5.2.2 Reducing energy consumption and associated CO_2 emissions (Scopes 1 & 2)
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
303: Water and effluents	303-1	Interactions with water as a shared resource	4.5.4.2 Controlling water consumption
	303-5	Water consumption	
304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	4.5.3 Working to preserve biodiversity and integrate nature into our facilities
305: Emissions	305-1	Direct (Scope 1) GHG emissions	4.5.2.1 Measuring CO_2 emissions
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	4.5.2.2 Reducing energy consumption and associated CO_2 emissions (Scopes 1 & 2)
			4.5.2.3 Setting a trajectory in line with the Paris Agreement for Scopes 1 & 2 by 2050
			4.5.2.4 Reducing our indirect Scope 3 CO_2 emissions
306: Effluents and waste	306-1	Water discharge by quality and destination	4.5.4.1 Controlling and optimising waste treatment and disposal
	306-2	Waste by type and disposal method	
	306-3	Significant spills	
308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	4.6.1.2 Responsible procurement policy

Specific standards

GRI reference	Standard	Topic	Relevant section of the URD
GRI 400: SOCIAL TOPICS			
401: Employment	401-1	New employees hires and employee turnover	4.4.3 Retaining and engaging employees through a dynamic human capital development policy
			4.4.1.3 Key figures
403: Occupational health and safety	403-1	Occupational health and safety management system	4.4.2 Monitoring the health, safety and well-being of employees
	403-5	Worker training on occupational health and safety	4.4.2.1 Promoting safety at work and preventing work-related risks
	403-9	Work-related injuries	
404: Training and education	404-1	Average hours of training per year per employee	4.4.3.3 A variety of training opportunities to enhance career paths and the employee experience
405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	4.4.4 Promoting diversity and inclusion within the organisation
413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	4.6.2.2 An Open Innovation strategy
			4.7.2 Cooperating with local care providers to share best practices and raise awareness of health issues
			4.7.3.1 Research and publications
			4.7.4 Showing solidarity in its geographical areas
416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	4.3.2 Ensuring the health and safety of residents and patients
417: Marketing and labeling	417-1	Requirements for product and service information and labeling	4.3.1.1 A culture of ethics subject to ongoing review

4.10.2 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

The Group has also included a cross-reference of the information in this document with the SASB Health Care Delivery standards. This is part of its commitment to provide transparent and relevant information on economic, environmental and social performance to the Group's stakeholders.

ORPEA will continue its efforts to improve the reporting of its quantitative and qualitative indicators and to strengthen its disclosure according to SASB standards.

SASB indicator	SASB Code	SASB unit of measurement	Relevant section of the URD
ENERGY MANAGEMENT			
Total energy consumed	HC-DY-130a.1	Gigajoules (GJ)	4.5.2.2 Reducing energy consumption and associated CO_2 emissions (Scopes 1 & 2)
Percentage grid electricity, percentage renewable		Percentage (%)	
WASTE MANAGEMENT			
Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	HC-DY-150a.1	Metric tons (t)	4.5.4.1 Controlling and optimising waste treatment and disposal
Total amount of: (1) hazardous and (2) non-hazardous pharmaceutical waste	HC-DY-150a.2	Metric tons (t)	4.5.4.1 Controlling and optimising waste treatment and disposal
Percentage (a) incinerated, (b) recycled or treated, and (c) landfilled		Metric tons (t), Percentage (%)	4.5.4.1 Controlling and optimising waste treatment and disposal
PATIENT PRIVACY & ELECTRONIC HEALTH RECORDS			
Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	HC-DY-230a.2	n/a	4.4.2 Monitoring the health, safety and well-being of employees
(1) Number of data breaches, (2) percentage involving (a) personally identifiable information (PII) only and (b) protected health information (PHI), (3) number of customers affected in each category, (a) PII only and (b) PHI	HC-DY-230a.3	Number, Percentage (%)	4.8.2 Special mapping
QUALITY OF CARE & PATIENT SATISFACTION			
Number of Serious Reportable Events (SREs) as defined by the National Quality Forum (NQF)	HC-DY-250a.2	Number	4.3.2.4 Handling adverse events
PRICING & BILLING TRANSPARENCY			
Description of policies or initiatives to ensure that patients are adequately informed about price before undergoing a procedure	HC-DY-270a.1	n/a	4.3.2.3 Managing our operational activities
EMPLOYEE HEALTH & SAFETY			
(1) Total recordable incident rate (TRIR) and (2) days away, restricted, or transferred (DART) rate	HC-DY-320a.1	n/a	4.4.2 Monitoring the health, safety and well-being of employees
EMPLOYEE RECRUITMENT, DEVELOPMENT & RETENTION			
(1) Voluntary and (2) involuntary turnover rate for: (a) physicians, (b) non-physician health care practitioners, and (c) all other employees	HC-DY-330a.1	Rate	4.4.2 Monitoring the health, safety and well-being of employees
Description of talent recruitment and retention efforts for health care practitioners	HC-DY-330a.2	n/a	4.4 Providing an attractive and supportive environment for employee engagement and development
CLIMATE CHANGE IMPACTS ON HUMAN HEALTH & INFRASTRUCTURE			
Description of policies and practices to address: (1) the physical risks due to an increased frequency and intensity of extreme weather events and (2) changes in the morbidity and mortality rates of illnesses and diseases, associated with climate change	HC-DY-450a.1	n/a	4.3.2.2 Programme for preventing and managing operational risks

4.11 Methodological note

REPORTING GUIDELINES

To ensure the consistency and reliability of the indicators monitored in all of its entities, the Group has implemented a common social and environmental reporting framework specifying the methodologies to be used for reporting the different indicators for the entire Group, consisting of definition, calculation method and calculation unit. The Human Resources and Construction-Maintenance departments ensure that the indicators are properly understood by their country correspondents.

SCOPE OF CONSOLIDATION

As a matter of principle, employee and environmental data are consolidated for all Group entities and facilities as soon as they are fully consolidated and in operation (before 1 July of the relevant year), regardless of their areas of activity (nursing homes, etc.).

Unless otherwise specified, the data is consolidated by geographical area in line with the other information in the Universal Registration Document. By geographical area, operations in the following countries are consolidated:

- France-Benelux-UK-Ireland: France, Belgium, the Netherlands, Ireland and the United Kingdom;
- Central Europe: Germany, Italy and Switzerland;
- Eastern Europe: Austria, the Czech Republic, Poland, Slovenia, Croatia and Latvia;
- Iberian Peninsula and Latin America: Spain, Portugal, Brazil, Chile, Mexico and Uruguay;
- Rest of the World: China.

In 2021, some countries (Mexico and Uruguay), which were included in the financial scope of consolidation but not yet fully integrated from a social standpoint, were excluded from the scope of reporting. Both countries are included in the environmental data scope.

Furthermore, the maturity of some entities is not yet sufficient to ensure a high level of detail on all data. In general, after the first year of integration into the process, particular attention is paid to ensuring that the Group's reference systems, formulas and definitions are fully under control and to increasing the accuracy of the data reported. The Celenus entity in Germany regularly carries out mini-training sessions, but as monitoring is not yet fully centralised, these hours are not included in the consolidated data. Brazil is yet to formalise its monitoring of work-related accidents and training, and the United Kingdom is yet to provide a detailed follow-up on training.

SOCIAL INDICATORS

Social reporting is carried out by the payroll and human resources departments' dedicated systems. Data are collected mainly via the payroll software used in each country, and recorded by each facility before being sent to the country headquarters and then to the ORPEA Group's administrative headquarters. After being compiled by the corporate HR department, they are consolidated and processed in accordance with procedures and criteria set in advance.

The methods relating to certain social indicators may have limitations owing largely to the absence of internationally accepted definitions for such concepts as the various types of employment contracts or the practical means by which information is collected and entered. Accordingly, the methodologies used for certain indicators or related margins of uncertainty are specified, when possible.

JOB DESCRIPTIONS

In order to ensure the homogeneity of the indicators, the Group has implemented a common set of job descriptions following the alignment of local job titles with these descriptions.

Now, each local function can be associated with an identifiable profession (care worker, nurse, etc.) and to a general group (support function, care, medical, etc.).

WORKFORCE

The workforce is calculated for all countries on the basis of the total workforce on the payroll at 31 December of the relevant year.

A person with several contracts in X facilities will be counted X times.

An exception is made for Poland, where "civil contracts" (*umowa cywilnoprawna*) are very common and are therefore included.

Interns, apprentices and those on other professional training courses are included in the workforce when they are listed on the payroll.

AGE

The age of each person is calculated at 31 December of the relevant year.

TYPE OF CONTRACT

Contracts for which no end date is defined in advance are considered to be permanent.

Fixed-term contracts are contracts for which an end date is defined or unspecified when the employment contract is signed.

The local definition of a permanent contract is used where appropriate, including, for example, the concept of on-demand permanent contracts (Switzerland) but excluding the concept of undefined-term replacement contracts (Belgium).

Regarding China, with the exception of headquarters contracts, the majority are long-term fixed-term contracts in accordance with local labour law.

WORKING HOURS

For all countries, employees whose contractual working hours are equivalent to the statutory working hours applicable are considered full-time (the number of contractual hours is counted).

Statutory working hours obviously differ from one country to another and sometimes from one geographical area or one function to another.

Specific conditions for the Senevita entity and Swiss hospitals: "on-demand permanent contracts" are considered to be part-time.

RECRUITMENT

Permanent contracts signed between 1 January and 31 December, including (with the exception of the Netherlands) permanent contracts signed following a fixed-term contract (also called "internal switches") are taken into account.

This method includes all new hires who sign a permanent contract during that period, even though they may already have left during that period for whatever reason, such as at the end of a probationary period, resignation, dismissal, etc.

TURNOVER RATE

The formula used for the turnover rate is as follows: average of new hires and departures on permanent contracts (excluding death and retirement)/ number of employees on permanent contracts at 1 January of the relevant year.

The rate is thus calculated for each facility in each country and then, to attain the most representative rate possible, the median of those rates is used.

In the case of full consolidation, a headcount-weighted average is calculated.

ABSENCES AND ABSENTEEISM RATE

Absences counted (in hours or in days) solely reflect work-related illness and accidents (whether or not the employee continues to receive pay).

Specific conditions for the Senevita entity (Switzerland): Spitex does not report hours of absence due to the nature of the employees' contracts (on-demand permanent).

To calculate the absenteeism rate, the days of absence are converted into hours using the following method:

- number of calendar days of listed absence/7 (days per week) x 5 (weekdays) x local statutory number of daily work hours on a full-time basis (i.e., x 8 when the working week is 40 hours);
- number of work days of listed absence x local statutory number of daily work hours on a full-time basis (i.e., x 8 when the working week is 40 hours).

The formula used for the absenteeism rate is as follows: number of hours of absence for work-related illness or accident/number of paid hours (or number of hours worked where the number of paid hours could not be obtained from the payroll software).

The rate is thus calculated for each facility in each country and then, to maintain the turnover rate methodology, the median of those rates is used.

In the case of consolidation by financial block or full consolidation, a headcount-weighted average is calculated.

REMUNERATION

This figure reflects the total amount of gross fixed and bonus remuneration charged (i.e., including employee and employer social security contributions) and includes all types of benefits.

Local currency figures were converted into euros at the exchange rates applicable on 8 March 2022 as follows:

Switzerland	1.0128217
Poland	4.88756
Czech Republic	25.66385
Croatia	7.56926
China	6.89675
Brazil	5.5431

TRAINING

The overall figure listed reflects the number of hours of training provided to employees during the relevant year, including mini-training sessions. The portion of mini-training sessions in the overall volume referenced has been added. Training sessions given that are held but not formalised (attendance record, counting) are not taken into account. When the data is provided in days, it is converted into hours using the same formula as for absenteeism.

In France, "open" training hours provided after 31 December are also counted when they involve:

- training leading to a recognised qualification;
- training that began during the current year.

The formula adopted then incorporates the average number of hours per employee trained, excluding mini-training sessions listed as such.

WORK-RELATED ACCIDENTS

Workplace accidents and commuting accidents could be distinguished for some countries, but this does not affect the calculation method since the legislation provides that all commuting accidents are considered workplace accidents. It should also be noted that, depending on national regulations, Covid-19-related absences may or may not be counted as workplace accidents.

Frequency and severity rates were calculated for the geographical areas using the following definitions:

Frequency rate

Number of workplace accidents (+ commuting accidents) leading to at least one day of lost time x 1,000,000/number of hours paid worked

- A work-related accident is defined as any accident generating a case number (internal) or insurance claim (external) reported between 1 January and 31 December leading to at least one day of lost-time.
- The number of hours is the number of hours paid across the entire scope from 1 January to 31 December.
- As data on "hours worked" is not available for some countries, the formula was applied based on "hours paid".

Severity rate

Number of days lost x 1,000/number of hours worked

- The number of days lost is the number stated on the accident report (in calendar days).
- As data on "hours worked" is not available for some countries, the formula was applied based on "hours paid".

POSITIONS OF RESPONSIBILITY

The number of positions of responsibility is calculated for all countries on the basis of the total workforce on the payroll at 31 December of the relevant year.

Four indicators have been created on the basis of the Group's job descriptions:

- top management positions: executive management and departmental management positions are taken into account;
- regional and facility management positions;
- management positions;
- all positions identified as being positions of responsibility: the three categories above (top management, regional directors and facility directors) are taken into account.

CSR OBJECTIVES

The interim results presented for the first time in this report are likely to vary according to process improvements, the reliability of data and the experience of the teams in the field in each country in order to respond as accurately and precisely as possible to the objectives set by the Group.

It is also important to note that the CSR objectives were defined in the 2020 Non-Financial Statement. The countries included in the scope have been involved from the beginning, therefore the monitoring of these objectives is done at scope level.

REDUCING THE NUMBER OF WORK-RELATED ACCIDENTS

A work-related accident is any accident that occurs at the workplace or on the way to or from work. The frequency rate is calculated using the following formula: number of workplace accidents (and commuting accidents) leading to at least one day of sick day/number of hours worked x 1,000,000. Scope: all declarations recorded during the year in the corresponding SEFP file, for all employees (regardless of the type of employment contract or whether they have left by 31 December).

As data on "hours worked" is not available for some countries, the formula was applied based on "hours paid".

The frequency rate of work-related accidents decreased by 15% vs. 2020.

CARRYING OUT AN EMPLOYEE ENGAGEMENT SURVEY

This was a process carried out in all countries to measure employee engagement across several levels (commitment, working conditions, resources, work-life balance, career development and training, CSR, innovation, respect and recognition, management, etc.). It was carried out with an external partner to ensure anonymity and external benchmarks. The planned frequency is every two years. Employees working under any type of employment contract for at least three months can participate.

The survey was first implemented in 2021, and by 2023, the goal is to maintain or improve the level of employee satisfaction.

INCREASING INTERNAL PROMOTION

Internal promotion refers to a regional director, director or head nurse who has been promoted to that position after having held another post within the organisation with a lower level of responsibility. A lower level of responsibility means either that the employee was at a lower hierarchical level in the organisation (e.g., from nurse to head nurse) or that the employee's scope of responsibility increased (e.g., from director of a 50-bed facility to director of a 100-bed facility).

The internal promotion rate is calculated based on how many regional directors, directors and head nurses on permanent contracts and present on 31 December had previously held a post at a lower level of responsibility. Monitoring is carried out in relation to the Group's job description references.

The aim is to have 50% of these key Group functions filled internally.

INCREASING QUALIFICATION LEVELS

At least 10% of employees on permanent contracts on 31 December will have completed at least one training course issuing a certificate or diploma during the past year.

A diploma is considered to be an official document issued by a body outside the company and which certifies skills recognised by national or regional authorities.

Being certified means that the employee has received "certified training" which means that the employee is proficient in certain specific professional skills. This training is delivered by an external organisation with an individual training certificate, or is set up and monitored internally.

In the case of "internal certification", several conditions must be met: (i) the trainer must have obtained official approval in line with local regulations and/or have been selected internally as having the capacity to provide training (because of their profession and/or diploma), (ii) the trainer must have received "trainer training", (iii) the training must include specific content/materials with a defined target audience and, (iv) the trainee must receive an individual certificate of training completion.

INCREASING THE NUMBER OF WOMEN IN TOP MANAGEMENT

Executive Management defines the Group's current top management as: the Group CEO, the Executive Vice-Presidents and their direct reports, the CEOs, COOs, CFOs of the geographical areas and the country manager, if applicable, and strategic positions in the geographical areas (i.e., medical, HR, quality and development departments).

The objective is for 50% of top management positions to be held by women.

ENVIRONMENTAL INDICATORS

Environmental indicators are either calculated on an annual basis (for example, CO_2 emissions) or reported monthly (for example, water consumption). As with social indicators, data entries are made by each facility before being reported to the country headquarters and then consolidated by the ORPEA Group headquarters.

CONSUMPTION AND MANAGEMENT OF HEATING, ELECTRICITY AND WATER

In 2021, environmental reporting data were received from 91% of the total scope. The following 86 out of 933 facilities were excluded:

- 21 assisted-living facilities (no centralised meters present, data partially reported or not reported, etc.);
- 2 administrative headquarters;
- 63 facilities with no data on water and/or energy consumption (e.g., grouping of several meters on the same site, data not available because the facility leases only part of a building, etc.).

Following a review of the 2019 energy consumption information, the Group identified some inconsistencies in the types and units of certain energy suppliers, as well as in certain conversion and emission factors. Corrections have been made and the figures presented in the table reflect this.

CO_2 EMISSIONS GENERATED BY ENERGY CONSUMPTION IN 2021

Annual energy consumption was calculated in kWh in all countries. The coefficients used for the calculations come from ADEME.

For electricity consumption, the following conversion factors were applied:

Country	kg CO_2/kWh
Switzerland	0.0273
France	0.0599
Belgium	0.22
Spain	0.238
Italy	0.406
Germany	0.461
China	0.766
Poland	0.781
Czech Republic	0.589
Austria	0.188
Portugal	0.255
Netherlands	0.415
United Kingdom	0.457
Slovenia	0.325
Mexico	0.455
Uruguay	0.081
Brazil	0.0868
Croatia	0.305
Latvia	0.227
Ireland	0.458
Chile	0.41

For heating:

- for fuel oil, a conversion factor of 0.324 kg CO_2/kWh was applied for all subsidiaries;
- for natural gas, a conversion factor of 0.214 kg CO_2/kWh was applied for all subsidiaries;
- for propane gas, a conversion factor of 0.257 kg CO_2/kWh was applied for all subsidiaries;
- for wood (and wood pellets), a conversion factor of 0.0295 kg CO_2/kWh was applied for all subsidiaries;
- for district heating, a conversion factor of 0.223 kg CO_2/kWh was applied for all subsidiaries.

WASTE MANAGEMENT

In 2021, the scope of consolidation for PIMW includes France, Belgium, China, Latvia, Poland, Italy, Spain, Portugal and Brazil.

In France, tonnes of PIMW are calculated on the basis of invoices received from the sole service provider that processes the waste (for 335 facilities). For facilities using a different service provider (18 facilities, i.e., 5% of the total number of facilities in France reporting waste), the same methodology was applied.

For other countries, data are calculated on the basis of invoices provided by the authorised provider(s). This invoicing is subject to consistency checks by the administrative headquarters of the relevant geographical areas.

Regarding PIMW, the Group's external service provider assessed each country using a questionnaire to determine:

- waste produced by type (household, recycled, organic and infectious waste);
- the source of the data provided.

The information was analysed and each country was evaluated according to several criteria for both ordinary waste (OW) and infectious waste (IW):

- identification of waste services suppliers (coef. OW: 3 – coef. IW: 3);
- proportion of private service providers (coef. OW: 0.25 – coef. IW: 0.25);
- proportion of quantities collected (coef. OW: 3 – coef. IW: 3);
- quality of quantities collected (coef. OW: 2 – coef. IW: 2);
- quality of the data (coef. OW: 2 – coef. IW: 2);
- quality of collection points (coef. OW: 1 – coef. IW: 1).

An extrapolation of waste quantities was calculated for countries, for which at least 50% of the data is collected.

$$\textbf{Extrapolated quantity} = \frac{\textbf{Quantities collected}}{\textbf{Proportion of quantities collected}}$$

For the **quantities collected** (data provided in kg or litres), the following conversion rates are used:

- household waste: 77 kg/1,000l;
- recycled waste: 42 kg/1,000l;
- organic waste: 300 kg/1,000l;
- infectious waste: 42 kg/1,000l.

The **proportion of quantities collected** is based on:

- estimated proportion of data collected;
- quality of the source.

Data sources, from the most qualitative to the least qualitative:

- waste inventory with proof;
- waste inventory without proof;
- informal information from the supplier;
- waste declaration (X number of containers, X volume, X frequency of collection, etc.);
- country estimate, no source.

4.12 Report of one of the Statutory Auditors appointed as an independent third party on the consolidated non-financial statement

Year ended 31 December 2021

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders of ORPEA,

In our capacity as Statutory Auditor of your Company (hereafter the "entity"), appointed as an independent third party ("third party") and accredited by the French Accreditation Committee (COFRAC) under number 3-1886 (whose scope is available at www.cofrac.fr), we have carried out work to provide a reasoned opinion expressing a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial statement (hereinafter the "Information" and the "Statement"), prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021, included in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

CONCLUSION

Based on our work, as described in the "Nature and scope of our work" section, and the information collected, no material misstatement has come to our attention that causes us to believe that the Statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

COMMENTS

Without qualifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comments: as indicated in "Environmental indicators" in section 4.11 "Methodological note", the scope of environmental data (water and energy consumption and Scope 1 & 2 greenhouse gas emissions) represents 91% of the consolidated financial scope.

PREPARATION OF THE DECLARATION

In the absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of the Information, different but acceptable measurement techniques may be used, which may affect comparability between entities and over time.

The Information should therefore be read and understood with reference to the Guidelines, the significant elements of which are set out in the Statement and available upon request from the entity's head office.

LIMITATIONS INHERENT IN THE PREPARATION OF THE INFORMATION RELATED TO THE STATEMENT

The Information may be subject to uncertainty due to the state of scientific or economic understanding and the quality of external data used. Some information may be sensitive to the methodological choices, assumptions or estimates made in preparing the Information presented in the Statement.

THE ENTITY'S RESPONSIBILITY

It is the responsibility of Management:

- to select or establish appropriate criteria for the preparation of the information;
- to prepare a Statement in line with the legal and regulatory provisions, incorporating a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented to address those risks and the outcomes of those policies, including key performance indicators and the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- to implement the internal controls that it deems necessary to prepare information that does not contain any material misstatements, whether due to fraud or error.

The Statement has been prepared by applying the entity's Guidelines as mentioned above.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

On the basis of our work, to our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fair presentation of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes of the policies, including key performance indicators, and measures implemented in light of the principal risks (the "Information").

As it is our responsibility to form an independent conclusion on the Information as prepared by Management, we are not permitted to be involved in the preparation of this Information as this could compromise our independence.

It is not our responsibility to comment on :

- the entity's compliance with other applicable legal and regulatory provisions, in particular regarding the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy), the French duty of care (*devoir de vigilance*) law and anti-corruption and tax evasion legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the compliance of products and services with the applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL STANDARDS

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code and with the professional standards applicable in France to such engagements, as well as with ISAE 3000 (revised).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and the code of ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

MEANS AND RESOURCES

Our work was carried out by a team of six people between February and May 2022 and took a total of 13 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted ten interviews with the persons responsible for preparing the Statement.

NATURE AND SCOPE OF OUR WORK

We planned and carried out our work taking into account the risks of material misstatement of the Information.

We believe that the work that we performed by exercising our professional judgement allows us to express a limited assurance conclusion.

- We reviewed all the companies included in the scope of consolidation and the presentation of the principal risks.
- We assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, impartiality and clarity, taking into consideration, where relevant, industry best practice.
- We verified that the Statement covers each information category provided for in Article L. 225-102-1 III with regard to social and environmental responsibility and respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement presents the information required under Article R. 225-105 II when it is relevant with regard to the principal risks and includes, where applicable, an explanation of the reasons for the absence of the information required under Article L. 225-102-1 III, paragraph 2.
- We verified that the Statement presents the business model and a description of the principal risks related to the business activities of all entities included in the scope of consolidation, including where appropriate and proportionate, the risk factors arising from their business relationships, products and services, as well as their policies, measures and the outcomes thereof, including key performance indicators with respect to the principal risks.
- We consulted documentary sources and conducted interviews to:
  - assess the process for selecting and validating the principal risks as well as the consistency of the outcomes, including the key performance indicators selected, with respect to the principal risks and policies presented; and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[1]. For some Information, our work was carried out at the level of the consolidating entity; for other information, our work was carried out at the level of the consolidating entity and in a selection of entities.

(1) *Employee engagement surveys, the Responsible Procurement Charter, resident and patient satisfaction surveys, complaint management procedures, carbon footprint report.*

- We verified that the Statement encompasses the whole consolidated scope, i.e., all the businesses included in the scope of consolidation pursuant to Article L. 233-16, with the restrictions stipulated in the Statement.
- We reviewed the internal control and risk management procedures implemented by the entity and assessed the collection process to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes[1] that we considered to be the most important, we implemented:
  - analytical procedures to verify that the data compiled was consolidated correctly and that any changes were coherent;
  - tests of details using sampling or other selection methods, which consisted in verifying the proper application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out on a selection of contributing entities[2] and covered between 13% and 47% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement based on our knowledge of the entities included in the scope of consolidation.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with French professional standards; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 14 June 2022

One of the Statutory Auditors,

Deloitte & Associés

Jean-Marie Le Guiner
Partner

(1) *HR and health and safety information: Workforce, % permanent and fixed-term contracts, % men and women, % full-time and part-time, permanent recruitment, turnover rate, remuneration, absenteeism rate, work-related accidents (frequency and severity), number of training hours.*
Environmental information: Group water consumption, Group electricity and heating consumption, Scope 1 & 2 GHG emissions, production of potentially infectious medical waste (PIMW).

(2) *For HR and health and safety information: ORPEA Austria, ORPEA France.*
For environmental information (excluding PIMW): ORPEA Austria, ORPEA Belgium.
For PIMW: ORPEA Italy, ORPEA Spain, ORPEA Portugal, ORPEA Belgium.

Germany
ORPEA Residence, Berlin

5.

Corporate governance

"Dear Shareholders,

Pursuant to Article L. 225-37 of the French Commercial Code, the Board of Directors presents to the Annual General Meeting a corporate governance report alongside the management report.

This report contains the information provided for in Article L. 22-10-8 et seq. *of the French Commercial Code.*

The Company has also implemented AMF recommendation 2012-02 on corporate governance and the remuneration of company executives, pursuant to the AFEP-MEDEF Code."

This report was approved by the Board of Directors at its meeting on 13 June 2022.

ORPEA makes reference to the AFEP-MEDEF corporate governance code for listed companies, as revised in January 2020 (hereinafter the **"AFEP-MEDEF Code"**).

The Board of Directors and its Committees are governed by internal rules of procedure (hereinafter the **"Internal Rules"**), which were updated most recently on 26 January 2021. These Internal Rules are available on the Company's website (www.orpea-corp.com) and are presented in Appendix 1 to this report.

ORPEA believes that its practices comply with the recommendations of the AFEP-MEDEF Code, except where expressly stated in the table in Appendix 2 to this report, in accordance with the "Comply or Explain" rule provided for in Article L. 22-10-10 of the French Commercial Code (*Code de commerce*) and recommendation 27.1 of the AFEP-MEDEF Code. The table presents the reasons why certain recommendations were not implemented.

BOARD OF DIRECTORS[1]

PHILIPPE CHARRIER
Chairman and Chief Executive Officer
Term of office expiring: 2023 AGM

LAURE BAUME
Independent Director
Term of office expiring: 2024 AGM

CORINE DE BILBAO
Independent Director
Chair of the CSR and Innovation Committee
Member of the Appointments and Remuneration Committee
Term of office expiring: 2024 AGM

BERNADETTE DANET-CHEVALLIER
Independent Director
Member of the Appointments and Remuneration Committee
Term of office expiring: 2025 AGM

JEAN-PATRICK FORTLACROIX
Independent Director
Chair of the Audit Committee
Term of office expiring: 2022 AGM

MORITZ KRAUTKRÄMER
Independent Director
Member of the CSR and Innovation Committee
Term of office expiring: 2024 AGM

12
directors

56.4
Average age[2]

97.12%
Attendance rate[2]

5.4 years
Average seniority[2]

90.91%
Independence of the Board of Directors[2]

45.45%
Women on the Board of Directors[2]

91%
International experience[2]

OLIVIER LECOMTE
Independent Director
Member of the Audit Committee
Term of office expiring: 2025 AGM

THIERRY MABILLE DE PONCHEVILLE
Independent Director
Chair of the Appointments and Remuneration Committee
Member of the CSR and Innovation Committee
Term of office expiring: 2023 AGM

PASCALE RICHETTA
Independent Director
Member of the CSR and Innovation Committee
Term of office expiring: 2024 AGM

JOY VERLE
Independent Director
Member of the Appointments and Remuneration Committee
Member of the Audit Committee
Term of office expiring: 2023 AGM

SOPHIE KALAIDJIAN
Director representing employees
Member of the Appointments and Remuneration Committee
Term of office expiring: 2024 AGM

LAURENT SERRIS
Director representing employees
Term of office expiring: 2023 AGM

[1] At the date of this Universal Registration Document.
[2] As of 31 December 2021.

5.1 Membership and operating procedures of the Board of Directors

Article 15 of ORPEA's Articles of Association defines and sets out the conditions for the membership and operating procedures of the Board of Directors.

The following tables present the 2021 key indicators applicable to the Board of Directors and the directors' individual attendance rates at Board meetings in 2021.

2021 key indicators	
Number of meetings of the Board of Directors	8
Attendance rate at meetings of the Board of Directors[1]	97.12%
Number of directors[2]	13
Proportion of independent directors[3]	90.91%
Proportion of women on the Board of Directors[4]	45.45%
Number of nationalities represented on the Board of Directors[5]	3
Average length of service of directors[6]	5.4 years
Average age of directors[6]	56.4

(1) This percentage was calculated based on the membership of the Board of Directors at 31 December 2021 and including the directors representing employees.
(2) This number was calculated based on the membership of the Board of Directors at 31 December 2021 and including the directors representing employees.
(3) This percentage was calculated based on the membership of the Board of Directors at 31 December 2021 and, in accordance with recommendation 9.3 of the AFEP-MEDEF Code, excluding the directors representing employees.
(4) This percentage was calculated based on the membership of the Board of Directors at 31 December 2021 and, in accordance with Article L. 225-27 of the French Commercial Code, excluding the directors representing employees.
(5) This number was calculated based on the membership of the Board of Directors at 31 December 2021 and excluding the directors representing employees.
(6) The average age was calculated based on the membership of the Board of Directors at 31 December 2021 and excluding the directors representing employees.

Directors' individual attendance rates in 2021	
Philippe Charrier[1]	100.00%
Yves Le Masne[2]	100.00%
Laure Baume	100.00%
Corine de Bilbao	87.50%
Bernadette Danet-Chevallier[3]	100.00%
Jean-Patrick Fortlacroix	87.50%
Moritz Krautkrämer	100.00%
Olivier Lecomte[4]	100.00%
Peugeot Invest Assets[5], represented by Thierry de Poncheville	100.00%
Pascale Richetta	100.00%
Joy Verlé	100.00%
Sophie Kalaidjian[6]	100.00%
Laurent Serris	87.50%

(1) On 30 January 2022, the Board of Directors appointed Philippe Charrier as Chairman and Chief Executive Officer.
(2) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer. On 10 February 2022, Yves Le Masne resigned as Director.
(3) Bernadette Danet-Chevallier was reappointed as Director by the Annual General Meeting of 24 June 2021.
(4) Olivier Lecomte, whose appointment was previously ratified, was reappointed by the Annual General Meeting of 24 June 2021.
(5) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(6) The Social and Economic Committee of the ORPEA Economic and Social Unit, at its meeting of 30 March 2021, decided to reappoint Sophie Kalaidjian as Director representing employees, for a period of three years.

5.1.1 MEMBERSHIP OF THE BOARD OF DIRECTORS

5.1.1.1 INFORMATION REGARDING THE IDENTITY OF DIRECTORS

The Company's Articles of Association stipulate that the Board of Directors should have at least three and no more than 18 members, subject to the exceptions provided for in law. Directors may be natural or legal persons.

The directors are appointed by the Ordinary Annual General Meeting, on the recommendation of the Board of Directors, after consulting the opinion of the Appointments and Remuneration Committee. They may be removed from office at any time by a vote of the Annual General Meeting.

Pursuant to the AFEP-MEDEF Code, directors serve for a term of four years, after which they may be reappointed (except for the directors representing employees, who have a term of three years). Directors' appointments and reappointments are staggered to prevent all the terms of office from expiring at the same time and to ensure a smooth Board renewal process.

A representative of the Social and Economic Committee of the ORPEA Economic and Social Unit attends the meetings of the Board of Directors in an advisory capacity.

At 31 December 2021, the Board of Directors had 13 members, including two directors representing employees.

On 10 February 2022, Yves Le Masne resigned as Director.

At the date of this report, the Board of Directors had 12 members, including two directors representing employees.

The following table summarises the personal details and professional experience of the directors in office at the date of this report, together with information regarding their term of office as a director of the Company.

		Personal details			Experience	
Name	**Office**	**Age[1]**	**Gender**	**Nationality**	**International experience**	**Functional skills**
Philippe Charrier[5]	Chairman and Chief Executive Officer	67	M	French	Africa, Asia, Europe, Middle East, North America, South America	Executive Management, Finance, Governance, Marketing, Medical Services
Laure Baume	Director	46	F	French	Africa, Europe, United States	Communication, Digital, Marketing, CSR, Executive Management
Corine de Bilbao	Director	55	F	French	Africa, Asia, Europe, North America, South America	Procurement, Sales, Development, Digital, Executive Management, CSR
Bernadette Danet-Chevallier[6]	Director	63	F	French	Asia, Europe, United States	Sales, Management, Marketing, Human Resources, Executive Management
Peugeot Invest Assets, represented by Thierry de Poncheville[7]	Director	66	M	French	Europe, United States	Governance, Legal, CSR, Executive Management
Jean-Patrick Fortlacroix	Director	64	M	French		Finance
Moritz Krautkrämer[8]	Director	40	M	German	Europe, North America	Development, Finance, Governance
Olivier Lecomte[9]	Director	56	M	French	Europe	Development, Digital, Executive Management, Finance, Governance, Real Estate
Pascale Richetta	Director	62	F	French	Asia, Australia, Europe, North America, South America	Sales, Management, Medical Services
Joy Verlé[8]	Director	42	F	Dual French/ British national	Europe, Latin America, United Kingdom	Development, Finance, Governance
Sophie Kalaidjian[10]	Director representing employees	44	F	French		Legal
Laurent Serris	Director representing employees	51	M	French	Asia, Europe, South America	Quality, Management

[1] Age of directors at 31 December 2021.
[2] Annual General Meeting called to approve the financial statements for the previous year.
[3] Length of service of directors at 31 December 2021.
[4] At the date of this report.
[5] On 30 January 2022, the Board of Directors appointed Philippe Charrier as Chairman and Chief Executive Officer.

Experience		Position on the Board of Directors				
Industry experience	**Number of offices held in listed companies**	**Independence**	**Expiry of term of office[2]**	**Date of first appointment**	**Length of service on the Board of Directors[3]**	**Member of Board Committees[4]**
Distribution, Construction Materials, Pharmaceuticals, Retail, Healthcare	2	No	2023 AGM	28 March 2017	4 years	
Airports, Food Processing, Hospitality, Spirits, Tourism	1	Yes	2024 AGM	14 December 2016	5 years	
Energy, Oil and Gas, Electricity Generation and Distribution, Engineering, Healthcare	2	Yes	2024 AGM	23 June 2020	1 year	Appointments and Remuneration Committee (member) CSR and Innovation Committee (Chair)
Cruises, Hospitality, Tourism	1	Yes	2025 AGM	16 September 2014	7 years	Appointments and Remuneration Committee (member)
Automotive, Household Appliances, Real Estate, Healthcare, Investment Companies, Transport	1	Yes	2023 AGM	15 February 2012	9 years	Appointments and Remuneration Committee (Chair) CSR and Innovation Committee (member)
Real Estate, Healthcare	1	Yes	2022 AGM	30 June 2011	10 years	Audit Committee (Chair)
Investment Companies, Insurance, Hospitality, Healthcare, Business Services	1	Yes	2024 AGM	26 March 2019	2 years	CSR and Innovation Committee (member)
Real Estate, Healthcare	2	Yes	2025 AGM	16 November 2020	1 year	Audit Committee (member)
Pharmaceuticals, Healthcare	1	Yes	2024 AGM	23 June 2020	1 year	CSR and Innovation Committee (member)
Education, Renewable Energy, Healthcare, Business Services	2	Yes	2023 AGM	27 April 2017	4 years	Audit Committee (member) Appointments and Remuneration Committee (member)
Healthcare	1	No	2024 AGM	15 January 2015	6 years	Appointments and Remuneration Committee (member)
Industry, Healthcare	1	No	2023 AGM	15 December 2020	1 year	

(6) Bernadette Danet-Chevallier was reappointed as Director by the Annual General Meeting of 24 June 2021.
(7) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(8) Directors recommended for appointment by CPPIB.
(9) Olivier Lecomte, whose appointment was previously ratified, was reappointed by the Annual General Meeting of 24 June 2021.
(10) At its meeting of 30 March 2021, the Social and Economic Committee of the ORPEA Economic and Social Unit decided to reappoint Sophie Kalaidjian as Director representing employees for a term of three years.

The diverse backgrounds and complementary international, functional and industry skills and knowledge of the directors, the balanced representation of men and women, and the representation of several nationalities on the Board of Directors enrich its discussions and contribute to its strategic vision.

Short biographies of directors at the date of this report, including details of their careers, terms of office and positions they hold or have held outside the Company over the past five years, along with the number of shares they own, are presented in Appendix 3 of this report.

5.1.1.2 INDEPENDENCE OF DIRECTORS

The Company believes that having independent directors on its Board of Directors improves the quality and objectivity of discussions. It considers that a Board member is independent if they have no relationship of any kind with the Company, its Group or its management liable to compromise their independence of judgement.

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board of Directors performs an annual review, following discussions held by the Appointments and Remuneration Committee, of whether each of its members qualifies as independent. It also reviews the status of new directors following their appointment. In this review, the Board applies the criteria for independence set out in recommendation 9 of the AFEP-MEDEF Code and presented in the table below.

The Board of Directors, based on the recommendation of the Appointments and Remuneration Committee, reviewed the status of directors with regard to the criteria for independence set out in recommendation 9.5 of the AFEP-MEDEF Code.

Pursuant to recommendation 9.7 of the AFEP-MEDEF Code, the Board paid particular attention to the status of Moritz Krautkrämer and Joy Verlé, directors whose appointment was proposed by CPPIB, ORPEA's largest shareholder with 14.50% of its share capital and 24.15% of its voting rights at 31 December 2021. The Board came to the conclusion that these directors qualify as independent in the light of (i) the criteria for independence of the AFEP-MEDEF Code, which they both meet, (ii) ORPEA's shareholding structure, (iii) the absence of any potential conflicts of interest between these directors and ORPEA, and (iv) the immaterial nature of the ORPEA shareholding in the asset portfolio managed by CPPIB.

No director has any business relationship with the Company.

The table below provides an overview of the status of each director at the date of this report.

	Criterion 1: Employee or executive officer during the previous 5 years	Criterion 2: Appointments at related companies	Criterion 3: Material business relationships	Criterion 4: Family relationship	Criterion 5: Statutory Auditor	Criterion 6: Term of office of over 12 years	Criterion 7: Non-executive officer	Criterion 8: Major shareholder	Definition assigned by the Board of Directors
Philippe Charrier(1)	X	X	√	√	√	√	X	√	Non-independent
Laure Baume	√	√	√	√	√	√	√	√	Independent
Corine de Bilbao	√	√	√	√	√	√	√	√	Independent
Bernadette Danet-Chevallier(2)	√	√	√	√	√	√	√	√	Independent
Jean-Patrick Fortlacroix	√	√	√	√	√	√	√	√	Independent
Olivier Lecomte(3)	√	√	√	√	√	√	√	√	Independent
Moritz Krautkrämer	√	√	√	√	√	√	√	√	Independent
Peugeot Invest Assets(4), represented by Thierry de Poncheville	√	√	√	√	√	√	√	√	Independent
Pascale Richetta	√	√	√	√	√	√	√	√	Independent
Joy Verlé	√	√	√	√	√	√	√	√	Independent

(1) On 30 January 2022, the Board of Directors appointed Philippe Charrier as Chairman and Chief Executive Officer.
(2) Bernadette Danet-Chevallier was reappointed as Director by the Annual General Meeting of 24 June 2021.
(3) Olivier Lecomte, whose appointment was previously ratified, was reappointed by the Annual General Meeting of 24 June 2021.
(4) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

The Board of Directors has also, based on a proposal submitted by the Appointments and Remuneration Committee, reviewed the status of Yves Le Masne, Chief Executive Officer until 30 January 2022, who was considered as non-independent.

The proportion of independent directors stood at 90.91% at 31 December 2021 and 90.00%, at the date of this report, recommendation 9.3 of the AFEP-MEDEF Code – which stipulates that the proportion of independent directors should be at least half in non-controlled companies – is thus satisfied.

5.1.1.3 EMPLOYEE REPRESENTATION

In accordance with Article L. 225-27-1 of the French Commercial Code and since the amendment of Article 15-1 of ORPEA's Articles of Association on 17 March 2020, ratified by the Annual General Meeting of 24 June 2021, two directors representing employees (instead of one previously) sit on ORPEA's Board of Directors, upon appointment by the Social and Economic Committee of the ORPEA Economic and Social Unit:

- Sophie Kalaidjian, since 15 January 2015. At its meeting on 30 March 2021, said Social and Economic Committee decided to reappoint her for a term of three years, i.e., until the close of the Annual General Meeting called to approve the financial statements for the financial year ending 31 December 2023. Since 20 November 2018, she has been a member of the Appointments and Remuneration Committee, called upon, in particular, to deal with matters related to remuneration, pursuant to recommendation 17.1 of the AFEP-MEDEF Code;
- Laurent Serris, since 15 December 2020, for a term of three years, i.e., until the close of the Annual General Meeting called to approve the financial statements for the financial year ending 31 December 2022.

In accordance with the aforementioned article, following the establishment of a European Works Council, a proposal will be made at the next Annual General Meeting to amend the (statutory) procedures for appointing the second director representing employees and to entrust his/her appointment to the Meeting. It is also specified that the next term of office of the director representing employees will be that of Laurent Serris.

A representative of the Social and Economic Committee of the ORPEA Economic and Social Unit also attends the meetings of the Board of Directors in an advisory capacity and receives the same information as the directors.

5.1.1.4 DIVERSITY, EQUALITY AND COMPLEMENTARY NATURE OF DIRECTORS' SKILLS AND EXPERTISE

Pursuant to Article L. 22-10-10 of the French Commercial Code, this section outlines the diversity policy applicable to members of the Board of Directors (based on criteria such as age, gender, qualifications and professional experience), its objectives, the arrangements for its implementation and the results achieved during 2021.

ORPEA's Board of Directors aims for its membership to mirror the Group's profile as a global leader in long-term care generating more than half its revenue outside France, its real estate portfolio worth over €8.1 billion, and its major emphasis on the quality of the services it provides (both care- and accommodation-related) and the working conditions of its employees.

All Company directors must share a fundamental set of skills and expertise, namely the ability to comprehend ORPEA's business lines and demonstrate an interest in its sector, the ability to listen, contribute to discussions, put forward and express their opinions, availability to attend meetings of the Board of Directors and its Committees and contribute to preparatory work, and proficiency in English.

Moreover, as well the diversity of international experiences, the Board of Directors requires its members to possess (i) functional experience in finance, business development, real estate, management/human resources and/or medical services, and (ii) industry experience in the hospitality, real estate and/or healthcare sectors.

In addition, in order to enhance its understanding of the challenges related to governance, CSR and digitalisation/marketing/communication, profiles with experience in these areas are also sought.

Lastly, the Board of Directors wishes at least one director to be a senior executive or to have had an executive management experience so that they are able to act as a "sparring partner" with Executive Management.

In keeping with the diversity policy applicable to members of the Board of Directors, the Annual General Meeting of 24 June 2021 decided to reappoint Bernadette Danet-Chevallier and Olivier Lecomte, whose appointments had been ratified previously, as directors.

At the date of this report, as outlined in greater detail below, all of these skills and areas of expertise were covered by the members of the Board of Directors within the proportions below:

Objectives	Results achieved during 2021[1]
FUNCTIONAL SKILLS	
Internationalisation	20%
Experience in development	40%
Experience in finance	50%
Experience in real estate	10%
Experience in management	30%
Experience in medical services	20%
Experience in governance	50%
Experience in CSR	30%
Experience in digitalisation/marketing/sales/communication	60%
Experience in executive management	60%
INDUSTRY EXPERTISE	
Professional experience outside France	90%
Experience in the hospitality sector	30%
Experience in the real estate sector	30%
Experience in the healthcare sector	80%

(1) The directors representing employees are not included in the calculations shown below.

Adding to the advantage of a varied range of complementary experiences, the Board of Directors seeks to ensure that its membership is diverse in terms of age and gender. The average age of directors in 56.4[1] and none of the directors are over 70. In addition, 45.45%[2] of the members of the Board of Directors are women (46.15% including the directors representing employees).

In terms of objectives, the Annual General Meeting of 28 July 2022 will be invited to appoint at least four new directors, including Laurent Guillot, whose term of office as Chief Executive Officer commences on 1 July 2022.

These appointments should permit the Board to retain the mix of skills listed above. Given the crisis that the Group is currently undergoing and the challenges it will face in the coming years, it would also be beneficial to bring on board at least one quality-oriented Chief Executive Officer from a large international company in the services industry – if possible a listed company – a person with detailed knowledge of the healthcare and nursing sector (operations and/or financing) and relations with the supervisory authorities and other stakeholders in the sector, and a specialist in human resources management in a major corporation, preferably in the services industry.

5.1.1.5 REAPPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS

Procedure to reappoint/select directors who are not employees

At its meeting held in the last quarter of each year, the Appointments and Remuneration Committee includes on its agenda a review of the membership of the Board of Directors and Board Committees. Discussions take place based on a brief prepared by Executive Management, which contains an overview of the Board of Directors' diversity policy and its objectives, highlighting the terms of office expiring during the next four years. On this occasion, special attention is paid to the terms of office expiring at the end of the following Annual General Meeting, with a focus, on the one hand, on the aforementioned diversity policy, and, on the other hand, on the length of service, intentions, functional skills, industry experience, and contribution of the directors whose terms of office are expiring.

In the event that one (or more) director(s) must be replaced, a call for tenders is launched to select a recruitment firm in order to find new profiles, based on a brief – covering the desired profile and listing the common set of shared core skills and expertise that are expected – prepared by the Appointments and Remuneration Committee. The chosen firm then presents a selection of candidates to the Committee, who are interviewed by the Chair of the Committee and the Chairman and Chief Executive Officer (or the Chairman of the Board and the Chief Executive Officer), and then by the interested Committee members.

(1) The average age was calculated based on the membership of the Board of Directors at 31 December 2021, excluding the directors representing employees.
(2) This percentage was calculated based on the membership of the Board of Directors at 31 December 2021 and, in accordance with Article L. 225-27 of the French Commercial Code, excluding the directors representing employees.

The Appointments and Remuneration Committee finalises the selection of director candidates by April at the latest for the following year, and presents its selection to the Board of Directors ahead of convening the Annual General Meeting to express an opinion on the renewal of the terms of office of directors in office and/or the appointment of new directors.

The Appointments and Remuneration Committee reports on its work to the Board of Directors throughout this process and on a regular basis, with respect to the renewal of the terms of office of existing directors and/or the selection of new directors.

Changes in the membership of the Board of Directors and of the Board Committees since 1 January 2021

The table below provides an overview of changes in the membership of the Board of Directors and Board Committees since 1 January 2021.

	Departures	Arrivals	Reappointments
Board of Directors	Yves Le Masne (Director)[1]		Bernadette Danet-Chevallier (Director)[2] Olivier Lecomte (Director)[3] Sophie Kalaidjian (Director representing employees)[4]
Audit Committee	Peugeot Invest Assets[5], represented by Thierry de Poncheville (member)[6]	Olivier Lecomte (member)[6]	
Appointments and Remuneration Committee		Corine de Bilbao (member)[6]	
CSR and Innovation Committee[6]		Corine de Bilbao (Chair)[6] Moritz Krautkrämer (member)[6] Peugeot Invest Assets[5], represented by Thierry de Poncheville (member)[6] Pascale Richetta (member)[6]	

(1) On 10 February 2022, Yves Le Masne resigned as Director.
(2) Bernadette Danet-Chevallier was reappointed as Director by the Annual General Meeting of 24 June 2021.
(3) Olivier Lecomte, whose appointment was previously ratified, was reappointed by the Annual General Meeting of 24 June 2021.
(4) At its meeting of 30 March 2021, the Social and Economic Committee of the ORPEA Economic and Social Unit decided to renew the term of office of Sophie Kalaidjian as a Director representing employees.
(5) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(6) As part of the process of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees with a view to welcoming new directors, during the Board of Directors' meeting of 26 January 2021:
– Peugeot Invest Assets (represented by Thierry de Poncheville) resigned from its duties as member of the Audit Committee, and Olivier Lecomte was appointed as member of said Committee;
– Corine de Bilbao was appointed member of the Appointments and Remuneration Committee;
– Corine de Bilbao was appointed Chair of the CSR and Innovation Committee, and Peugeot Invest Assets (represented by Thierry de Poncheville), Moritz Kraütkramer and Pascale Richetta were appointed as members of said Committee.

Staggering of terms of office

The reappointment of the directors is staggered as follows:

Term of office expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2021	Term of office expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2022	Term of office expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2023	Term of office expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2024
Jean-Patrick Fortlacroix	Philippe Charrier	Laure Baume	Bernadette Danet-Chevallier
	Peugeot Invest Assets[1], represented by Thierry de Poncheville	Corine de Bilbao	Olivier Lecomte
	Joy Verlé	Moritz Krautkrämer	
	Laurent Serris (Director representing employees)	Pascale Richetta	
		Sophie Kalaidjian (Director representing employees)	

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Expiry of Jean-Patrick Fortlacroix's term of office and appointment of at least four new directors (including Laurent Guillot)

Jean-Patrick Fortlacroix – whose term of office as Director is due to expire at the close of the Annual General Meeting scheduled for 28 July 2022, has decided not to seek reappointment in view of the fact that he would no longer qualify as independent during the course of his new term if he were to be reappointed.

The Annual General Meeting of 28 July 2022 will be invited to appoint at least four new directors, including Laurent Guillot, whose term of office as Chief Executive Officer commences on 1 July 2022. The names of the new candidates for director, as well as their backgrounds, will be provided in the Board of Directors' report to said Annual General Meeting.

5.1.1.6 ETHICAL CONDUCT OF CORPORATE OFFICERS

The Internal Rules are intended to supplement the rules laid down in law, regulations and the Articles of Association so as to clarify how the Board of Directors and its Committees should operate in the interests of the Company and its shareholders. They set out the rules regarding confidentiality and the disclosure of conflicts of interest. They also apply to trading in the Company's shares and the associated declaration and notification requirements.

The Internal Rules are updated regularly, most recently on 26 January 2021. They can be downloaded from the Company's website (www.orpea-corp.com) and are presented in Appendix 1 to this report.

Management of inside information

Each corporate officer is required to uphold the provisions of the Internal Rules of the Board of Directors relating to insider dealing, which comply with the obligations under Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR") and the French securities regulator (*Autorité des marchés financiers* – AMF) Position-Recommendation 2016-08 of 26 October 2016 on ongoing information and management of inside information. Accordingly, corporate officers are required to comply with the rules applicable to the management of inside information and trading in the Company's shares, particularly during closed periods.

Conflicts of interest and declarations concerning corporate officers

Absence of family relationships between the corporate officers

To the best of the Company's knowledge, there are no family relationships between any corporate officers of the Company.

Absence of conflicts of interest

To the best of the Company's knowledge, there are no potential or proven conflicts of interest between the corporate officers' duties with regard to the ORPEA Group and their own private interests. The Chairman and Chief Executive Officer does not undertake any other business activities or hold any other office outside the Group liable to give rise to a business relationship with the Group. There is no agreement or other arrangement between the directors and the Group. There are no financial flows between the directors and the Group, with the exception of (i) the remuneration allocated to the directors for their participation in the meetings of the Board of Directors and, where applicable, the Board Committees, and (ii) the exceptional remuneration of Olivier Lecomte, in his capacity as Chair of the ad hoc Steering and Monitoring Committee formed to oversee the independent review relating to the publication of a book containing allegations of wrongdoing (approved in accordance with the procedure for related-party agreements). The organisation of the Board of Directors and its operating procedures, including the procedure for related-party agreements, are designed to prevent any such conflicts of interest.

In addition, under the Internal Rules, directors are obliged to disclose to the Board of Directors any conflict of interest, or even a potential conflict of interest, that may directly or indirectly affect them. In such circumstances, the director(s) in question must refrain from attending the relevant discussions and participating in the vote related thereto.

Absence of convictions and criminal liability among the corporate officers

To the best of the Company's knowledge, none of the corporate officers have, in the past five years, been convicted of fraud, subject to bankruptcy, liquidation, receivership or had companies placed in administration, been accused of wrongdoing and/or publicly sanctioned by the statutory or regulatory authorities (including designated professional bodies), or been issued with any court order barring them from office as director, senior executive or supervisory board member or from involvement in the management or conduct of a listed company's affairs.

Absence of service agreements

No service agreement has been entered into between directors and the Company or any of its subsidiaries providing for the granting of benefits under such agreements.

5.1.2 OPERATING PROCEDURES AND MAIN WORK UNDERTAKEN BY THE BOARD OF DIRECTORS

5.1.2.1 OPERATING RULES AND MAIN WORK UNDERTAKEN BY THE BOARD OF DIRECTORS

The operating procedures of the Board of Directors are governed by statutory and regulatory requirements, and by the Articles of Association and Internal Rules.

The Articles of Association form the constitutional basis for the Company, specifying its characteristics and operating procedures. They may only be amended with the approval of shareholders at the Ordinary or Extraordinary Annual General Meeting, as the case may be, either directly or following a delegation of powers to the Board of Directors. The Articles of Association are updated regularly, most recently on 2 May 2022. They can be downloaded from the Company's website (www.orpea-corp.com).

The Internal Rules are intended to supplement the rules laid down in law, regulations and the Articles of Association so as to clarify how the Board and its Committees should operate in the interests of the Company and its shareholders. The Internal Rules are updated regularly, most recently on 26 January 2021. They can be downloaded from the Company's website (www.orpea-corp.com) and are presented in Appendix 1 to this report.

A digital platform is used to manage the work of the Board of Directors and the Board Committees. As well as safeguarding the security of exchanges of information, the platform can be used to enhance the performance and governance of the Board of Directors and the Board Committees. The papers presented at meetings of the Board of Directors and Board Committees and at strategic seminars are made available on the digital platform, together with published financial analyses and other documents that may be of use to directors in the performance of their duties (directors' guide, Internal Rules of the Audit Committee, etc.).

The working language of the Board and the Board Committees is French. Given the international nature of the topics covered and the diversity of the participants, English is also regularly used.

Arrangements for meetings of the Board of Directors

The Board of Directors meets whenever the interests of the Company so require. Meetings may be convened by any means (letter, fax, email and even orally) by the Chairman of the Board of Directors.

Notices of meeting may be issued by the Secretary of the Board. Barring special circumstances, notice of a meeting is given in writing at least eight days in advance and is accompanied by the agenda and the minutes of the previous meeting. It states where the meeting is to be held, which may be the Company's registered office or any other location.

In special circumstances, the Chairman may solicit the Board's opinion on a particular matter by convening a meeting with 24 hours' notice.

The Board of Directors can validly deliberate only if at least half of its members are present. A director may be represented by another director holding a special power of attorney.

Directors may participate in meetings via video-conferencing or telecommunication methods that allow them to be identified and ensure their effective participation in the meeting, in accordance with the applicable regulations. However, directors may not attend meetings remotely when the Board of Directors is called to approve either the Company's annual and consolidated financial statements, the corporate governance report or the management reports.

Decisions are taken by a majority vote of the directors present or represented, except for the decision on whether to separate or combine the roles of Chairman and of Chief Executive Officer, for which a two-thirds majority vote by directors is required. The Chairman of the Board of Directors has a casting vote.

The proceedings of meetings and the decisions made are recorded in minutes.

Board seminars

The Board of Directors usually organises at least two strategic seminars per year, including one held outside France. These seminars are an opportunity for the directors to visit the Group's non-French facilities.

In 2021, the Covid-19 pandemic made it difficult to organise face-to-face meetings and trips abroad. Accordingly, the Board of Directors was only able to organise one two-day strategic seminar in France. This seminar, organised in October 2021, provided an opportunity for the directors to meet other executive team members, including Cluster leaders, delve deeper into the development strategy, and continue diversifying the subject matter to cover the Group's marketing, construction, real estate and financial policies.

The provisional schedule of Board of Directors meetings for 2022 provides for two strategic seminars, including at least one outside France, in accordance with the Group's standard practice.

Executive sessions

The Board of Directors meets at least once a year without the executive corporate officers in attendance, in accordance with recommendation 11.3 of the AFEP-MEDEF Code. All directors take part in this session with the exception of (i) the directors representing employees and (ii) the executive and non-executive corporate officers, in the debates concerning them. The Social and Economic Committee representative does not take part in this session.

The executive session scheduled for spring 2022 was cancelled following the decision by the Board of Directors on 30 January 2022 to terminate the duties of Yves Le Masne as Chief Executive Officer, combine the duties of Chairman of the Board of Directors and Chief Executive Officer, and appoint Philippe Charrier as Chairman and Chief Executive Officer. The assessment of the membership and operating procedures of the Board of Directors and the Board Committees, entrusted to Spencer Stuart in 2021, led to an assessment of the individual contribution of Yves Le Masne, the former Chief Executive Officer, and Philippe Charrier, Chairman of the Board of Directors until 30 January 2022, when he became Chairman and Chief Executive Officer.

The most recent executive session was held in December 2020.

Duties and activities of the Board of Directors

The provisional schedule of Board meetings for the coming year is drawn up in consultation with the directors at the end of the previous year.

Based on the above-mentioned schedule, the agenda for the meeting is made available online on the Board of Directors' digital platform in the week preceding the meeting, together, wherever possible, with documents that must be reviewed for effective decision-making by the directors.

The minutes of each meeting are expressly approved at the following meeting of the Board of Directors.

The Board of Directors met eight times in 2021 (11 times in the previous year). The directors' attendance rate stood at 97.12% (versus 96.03% in the previous year). Directors' individual attendance rates at the various Board of Directors' meetings are stated at the beginning of section 5.1 of this report.

The table below provides a summary of the duties of the Board of Directors and topics covered during its meetings held in 2021, it being noted that each Board meeting starts with a report by the Chairman and Chief Executive Officer (Chief Executive Officer until 30 January 2022) on recent news, developments, and the status of the Group's key performance indicators (number present to date and at month-end, revenue, payroll).

Duties of the Board of Directors	Activities of the Board of Directors in 2021
Discussions and decisions concerning the Group's major strategic, business, employee-related and financial priorities and the monitoring of their implementation by Executive Management	• Regular review of the Group's business activities, developments in progress, the Group's financial position and level of debt • Review and approval of the 2021 budget and five-year business plan • Analysis of 2021 outlook • Review of the annual 2020 and interim 2021 share price performance • Authorisation of non-bank financing, whether in bonds or other instruments, and of bank financing • Discussion regarding the HR development policy • Description and implementation of the share buyback programme • Discussions on real estate and financing strategy
Decisions regarding investment opportunities, including acquisitions or disposals, that may have a material impact on the Group's results, balance sheet structure or risk profile	• International development of the Group through various acquisition and investment opportunities, including the acquisition of the Irish nursing home group, First Care, and the acquisition of the Spanish group, Hestia Alliance, which operates hospitals specialising in post-acute care and rehabilitation and in psychiatry[1]
Approval of the annual and interim financial statements and preparations for the Annual General Meeting	• Review and approval of the individual and consolidated financial statements for the year ended 31 December 2020, the condensed consolidated interim financial statements at 30 June 2021, and the related management reports • Preparation and approval of the Group's management report • Decision of dividend payment for the year ended 31 December 2020 • Review of draft press releases and results presentations for the investor community prior to their publication and of the Group's financial position, including changes in its cash position and level of debt • Approval of draft resolutions and documents required by law and the regulations pertaining to the Annual General Meeting of Shareholders • Invitation to the Annual General Meeting of 24 June 2021 • Answers to a shareholder's written questions • Analysis of the results of the Annual General Meeting vote on 24 June 2021 • Review of related-party agreements entered into in 2020 and those entered into in prior years which remained in effect during 2020 • Review of agreements in force at 31 December 2020 that were entered into in the ordinary course of business and on arm's length terms
Governance	• Integration of a new director representing employees • Creation of the CSR and Innovation Committee • Reshaping of the Board Committees' membership with a view to welcoming the new directors • Review, on the recommendation of the Appointments and Remuneration Committee, of the directors' individual status to determine whether they are independent • Preparation and approval of the Board of Directors' corporate governance report
Determination of the executive remuneration policy upon the recommendation of the Appointments and Remuneration Committee	• Determination of bonus payments in respect of 2020 to Yves Le Masne[2] and Jean-Claude Brdenk[3], based on the targets set for them for that year, using the calculation method approved previously by the Board of Directors • Proposal to amend the 2020 remuneration policies applicable to Yves Le Masne and Jean-Claude Brdenk, and the 2018 and 2019 remuneration policies applicable to Jean-Claude Brdenk (retrospective "say on pay" amendment) • Proposed remuneration policy for the Chief Executive Officer for financial year 2021 (retrospective "say on pay" vote) • Approval of a free share plan for Yves Le Masne, in line with the 2021 remuneration policy for executive corporate officers • Review of satisfaction regarding the performance conditions under the 2018 free share plan for Yves Le Masne and Jean-Claude Brdenk
Proposal, upon the recommendation of the Appointments and Remuneration Committee, to the Annual General Meeting of candidates for the role of director	• Discussions on the Board of Directors' diversity policy and presentation by Executive Management of the non-discrimination and diversity policy, notably with regard to the balanced representation of men and women within management bodies • Review, based on the work of the Appointments and Remuneration Committee, of matters relating to the renewal of terms of office of directors expiring at the close of the 2021 and 2022 Annual General Meetings
Annual assessment of the Board of Directors	• Organisation of a discussion regarding the membership, organisation and operating procedures of the Board of Directors and Board Committees • 2021 formal annual assessment by Spencer Stuart
Corporate social responsibility	• Discussions on promoting diversity by setting targets to increase the proportion of women among the Top 100 in Management • Approval, based on the work of the CSR and Innovation Committee, of ORPEA's 17 CSR commitments • Implementation of the 2023 CSR roadmap • Review of the annual 2020 and interim 2021 quality audits
Other	• Review of information provided by the Audit Committee regarding internal control and risk management systems • Extension of the general authorisation given to the Chief Executive Officer to grant guarantees, sureties and endorsements on behalf of the Company and increase of the overall guarantees, security deposits and endorsements cap • Renewal of the delegation of authority to the Chief Executive Officer to award shares free of consideration to the Group's key executives • Amendment of the Internal Rules of the Board of Directors

Pursuant to the Internal Rules, the Chief Executive Officer must seek the prior authorisation of the Board of Directors before carrying out certain transactions (see section 5.2.2 below).
Moreover, the directors are regularly informed of developments concerning the Group's markets, competitive environment and key priorities, including in the area of the Company's corporate social responsibility.

(1) This acquisition was ultimately not completed, as certain essential conditions precedent could not be met within the deadlines.
(2) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer.
(3) On 2 November 2020, the Board of Directors terminated Jean-Claude Brdenk's duties as Chief Operating Officer, with effect from 31 December 2020.

In line with its commitment since the start of the Covid-19 pandemic, in 2021, the Board of Directors was regularly informed by Executive Management, on a weekly or bi-monthly basis, on the development of said pandemic, the health situation in the Group's facilities, the measures implemented in this regard (supply of personal protective equipment, vaccination, etc.) and its impact on the Group's key performance indicators.

Procedure for assessing agreements entered into in the ordinary course of business and on arm's length terms

In accordance with the provisions set out in Article L. 22-10-12 of the French Commercial Code and on the recommendation of the Audit Committee, the Board of Directors introduced a procedure on 23 April 2020 to assess agreements relating to recurring operations and entered into under normal market conditions. The procedure involves identifying agreements entered into by ORPEA SA, their submission to the Group's legal department, an assessment by the latter of the conditions for the establishment of the agreements concerned, the preparation by the latter of a summary table of agreements entered into in the ordinary course of business and on arm's length terms, the review of this table with the Group's finance department, the regular review of the recurring nature and normal conditions of these agreements and, once a year, the submission of this table to the Statutory Auditors as part of their statutory audit of the annual financial statements as well as the presentation to the Audit Committee of the procedure's implementation, with the Audit Committee reporting on this review at the Board of Directors' next meeting.

The procedure was implemented in April 2021 for the first time.

Role and powers of the Chairman

The Chairman of the Board of Directors represents the Board of Directors. He/she shall organise and manage its work, and report on its work to the General Meeting. He/she shall ensure that the Company's governing bodies are operating smoothly and shall check, in particular, that the directors are able to fulfil their duties.

In addition to his statutory duties, the Chairman's remit is as follows:

- he is consulted by and meets with the Chief Executive Officer concerning certain events and projects of significance and/or strategic importance to the Group;
- he attends certain internal meetings with the Company's senior executives and teams, as well as all meetings of the Board Committees;
- he seeks to maintain the balance and effectiveness of the Board.

In 2021, the fifth year of his appointment to the office, Philippe Charrier focused on leading the Board of Directors and its monitoring of the health situation in the Group's facilities, the measures implemented in this regard, and the situation's impact on the Group's key performance indicators. He also met with the Chief Executive Officer twice a month on average to discuss, among other things, the health situation, the Group's development in the countries where it already operates, its real estate and financing strategy, its commitments in terms of corporate social responsibility, and its status in the wake of the health crisis. He also continued to maintain regular dialogue with the other directors. Lastly, he attended all the meetings of the Board Committees.

On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer and appointed Philippe Charrier as Chairman and Chief Executive Officer. Philippe Charrier's role will be to ensure, under the Board of Directors' supervision, that best practices are applied throughout the company and to shed full light on the allegations made against it in a book published at the end of January 2022, drawing in particular on the independent review commissioned by the Board of Directors from Grant Thornton and Alvarez & Marsal.

5.1.2.2 DIRECTORS' INDUCTION AND TRAINING

An induction programme is organised for each new director. This includes a presentation of the Group, visits to facilities, meetings with certain members of Executive Management and training sessions.

The Board of Directors' guide is also provided to each director upon his or her appointment. This guide includes a presentation of the Board of Directors and the Board Committees, the contact details of directors, the schedule for meetings of the Board of Directors and Board Committees, the investor calendar (including a list of closed periods), ORPEA's Articles of Association and the Internal Rules.

Directors who are members of the Audit Committee also receive the Internal Rules of the Audit Committee.

5.1.2.3 ASSESSMENT OF THE BOARD OF DIRECTORS

Pursuant to the recommendations of the AFEP-MEDEF Code, the Internal Rules state that the Board should periodically conduct an assessment of its membership, organisation and effectiveness, and concurrently perform a similar assessment of its Committees. The Board of Directors reviews this topic every year, and a formal assessment supervised by the Chairman of the Board of Directors is conducted every three years.

Accordingly, a formal assessment of the membership and operating procedures of the Board of Directors and the Board Committees was conducted by Spencer Stuart in 2021 after it presented its methods to the Appointments and Remuneration Committee. The last formal assessment was carried out in 2018 by the same firm.

It focused on the directors' assessment of (i) the progress made since the last assessment, (ii) the collective operating procedure of the Board of Directors, (iii) the directors' individual contribution and (iv) the Board of Directors' organisational culture. As part of the process, the directors were given a questionnaire to serve as a guideline for individual interviews with two of the firm's consultants and an online questionnaire to complete in order to determine the Board of Directors' organisational culture. The Secretary of the Board of Directors and the Executive Vice President, Communication and Investor Relations were also interviewed by said consultants.

The results of the assessment of the collective operating procedures and organisational culture of the Board of Directors were brought to the attention of the Board and the Appointments and Remuneration Committee. The results of the assessment of directors' individual contribution were brought to the attention of the Chairman and Chief Executive Officer and the Chair of said Committee; the directors who wish to do so may meet with Spencer Stuart consultants to be briefed on the results of the assessment of their individual contribution.

The identified areas of improvement, which are not made public for confidentiality reasons, will be monitored annually by the Appointments and Remuneration Committee and will be made public when they have been implemented.

Discussions on the membership, organisation and operating procedures of the Board of Directors and its Board Committees are held in the years when the formal assessment does not take place. In preparation for these discussions, a brief presenting the underlying topics for consideration and the progress made on the areas for improvement identified in the previous formal assessment is given to directors at the preceding Board meeting.

5.1.2.4 FINANCIAL AUTHORISATIONS

Delegations of powers currently valid and use thereof

The table below summarises the currently valid delegations of powers, granted by the Annual General Meetings of 23 June 2020 and 24 June 2021, and the use made thereof during 2021.

Type of authorisations/Maximum total nominal amount/Other information	Period of validity	Authorisations used during 2021
ANNUAL GENERAL MEETING OF 23 JUNE 2020		
27th resolution – Capital increase through the capitalisation of premiums, reserves, earnings or similar: • maximum nominal amount of capital increases: €30,000,000.	26 months	None
28th resolution – Award of existing or new shares to corporate officers and/or employees free of consideration, without pre-emption rights for shareholders: • up to a ceiling of 1% of the share capital, with a sub-ceiling of 0.2% of the share capital for executive corporate officers; • service condition for all grantees; • performance conditions assessed over a period of three years for executive corporate officers; • three-year vesting period.	26 months	97,314 shares, of which: • 13,271 shares (0.02% of the share capital) awarded to executive corporate officers subject to performance conditions – Board of Directors' meeting on 24 June 2021 • 84,043 shares (0.13% of the share capital) awarded to key managers subject to performance conditions – decisions made by the Chief Executive Officer on 1 February 2021
ANNUAL GENERAL MEETING OF 24 JUNE 2021		
19th resolution – Share buyback programme: • up to a ceiling of 10% of the share capital; • maximum purchase price ≤ €150 per share.	18 months	None
20th resolution – Reduction in the share capital through the cancellation of treasury shares: • maximum amount: 10% of the share capital.	18 months	None
21st resolution – Issue of ordinary shares and/or negotiable securities carrying rights to the Company's share capital and/or negotiable securities conferring entitlement to the award of debt securities with pre-emption rights for shareholders: • maximum nominal amount of capital increases: €40,000,000; • maximum nominal amount of debt securities: €750,000,000.	14 months	None
22nd resolution – Issue, by means of public offerings other than those referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*), of ordinary shares and/or negotiable securities carrying rights to the Company's share capital and/or negotiable securities conferring entitlement to the award of debt securities without pre-emption rights for shareholders: • maximum nominal amount of capital increases: €8,078,915; • maximum nominal amount of debt securities: €750,000,000.	14 months	None
23rd resolution – Issue, by means of public offerings referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code, of the Company's ordinary shares and/or negotiable securities carrying rights to the share capital and/or negotiable securities conferring entitlement to the award of debt securities without pre-emption rights for shareholders: • maximum nominal amount of capital increases: €8,078,915; • maximum nominal amount of debt securities: €750,000,000.	14 months	None
24th resolution – Increase in the number of securities to be issued in the event of a capital increase with or without pre-emption rights for shareholders: • up to a ceiling of 15% of the initial issue; • amount deducted from each of the issues made pursuant to the 21st and 22nd resolutions.	14 months	None
25th resolution – Setting the issue price under the terms approved by the Annual General Meeting, up to a ceiling of 10% of the Company's share capital, in the event of the issue of shares or negotiable securities carrying rights to the Company's share capital without pre-emption rights.	14 months	None
26th resolution – Capital increase in consideration for contributions in kind made to the Company in the form of equity or other negotiable securities carrying rights to the share capital, without pre-emption rights for shareholders: • up to a ceiling of 10% of the share capital.	14 months	None
27th resolution – Capital increase for members of a corporate savings plan, without pre-emption rights: • maximum nominal amount: €400,000.	14 months	None

The full text of the resolutions approved at the aforementioned meetings can be found on the website of the French Legal Announcements Bulletin (*Bulletin des annonces légales obligatoires* – BALO) and on the Company's website (www.orpea-corp.com, Shareholders/Shareholder meeting section).

Renewal of financial authorisations

It is essential for the Board of Directors to have financial authorisations in place enabling it to raise the capital it needs in a rapid and flexible manner to further the Group's development through various types of issues in accordance with the regulations in force. At the Annual General Meeting to be held on 28 July 2022, shareholders will therefore be asked to approve the following financial authorisations, which will supersede the financial authorisations approved by the Annual General Meeting of 23 June 2020 and the Annual General Meeting of 24 June 2021 (described in the table above).

Type of authorisations/Maximum total nominal amount/Other information	Period of validity
Share buyback programme: • up to a ceiling of 10% of the share capital; • maximum purchase price ≤ €100 per share.	18 months
Reduction in the share capital through the cancellation of treasury shares: • maximum amount: 10% of the share capital.	18 months
Issue of ordinary shares and/or negotiable securities carrying rights to the Company's share capital and/or negotiable securities conferring entitlement to the award of debt securities with pre-emption rights for shareholders[1]: • maximum nominal amount of capital increases: €40,000,000; • maximum nominal amount of debt securities: €750,000,000.	26 months
Issue, by means of public offerings other than those referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code, of ordinary shares and/or negotiable securities carrying rights to the Company's share capital and/or negotiable securities conferring entitlement to the award of debt securities without pre-emption rights for shareholders[1]: • maximum nominal amount of capital increases: €8,078,915; • maximum nominal amount of debt securities: €750,000,000.	26 months
Issue, by means of public offerings referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code, of ordinary shares of the Company and/or negotiable securities carrying rights to the share capital and/or negotiable securities conferring entitlement to the award of debt securities without pre-emption rights for shareholders[1]: • maximum nominal amount of capital increases: €8,078,915; • maximum nominal amount of debt securities: €750,000,000.	26 months
Increase in the number of securities to be issued in the event of a capital increase with or without pre-emption rights for shareholders[1]: • up to a ceiling of 15% of the initial issue.	26 months
Setting the issue price under the terms approved by the Annual General Meeting, up to a ceiling of 10% of the Company's share capital, in the event of the issue of shares or negotiable securities carrying rights to the Company's share capital without pre-emption rights[1].	26 months
Capital increase in consideration for contributions in kind made to the Company in the form of equity or other negotiable securities carrying rights to the share capital, without pre-emption rights for shareholders[1]: • up to a ceiling of 10% of the share capital.	26 months
Capital increase by capitalisation of reserves, profits or premiums or similar: • maximum nominal amount of capital increases: €30,000,000.	26 months
Bonus allotment of existing or new shares to corporate officers and/or employees without pre-emption rights for shareholders: • up to a ceiling of 1% of the share capital, with a sub-ceiling of 0.2% of the share capital for executive corporate officers; • service condition for all grantees; • performance conditions assessed over a period of three years for executive corporate officers; • three-year vesting period.	26 months
Capital increase for members of a corporate savings plan, without pre-emption rights: • maximum nominal amount: €400,000.	26 months
Issue of ordinary shares and/or negotiable securities carrying rights to the Company's share capital and/or negotiable securities conferring entitlement to the award of debt securities without pre-emption rights for shareholders: • up to a ceiling of 0.15% of the share capital.	18 months

(1) Authorisations suspended during a takeover bid for the Company's securities.

5.1.3 OPERATING PROCEDURES AND MAIN WORK UNDERTAKEN BY THE BOARD COMMITTEES

The Board of Directors has established three Committees, namely the Audit Committee, the Appointments and Remuneration Committee, and the CSR and Innovation Committee, to which it has entrusted specific duties with a view to preparing and enhancing its work.

These Board Committees act strictly within the remit assigned to them by the Board of Directors and pursuant to law. The scope is specified in the Internal Rules. They prepare the Board's work, make proposals and recommendations, but have no decision-making powers.

The members of these Board Committees, their duties and their work in 2021 are presented below.

5.1.3.1 AUDIT COMMITTEE

The following tables present the key indicators applicable to the Audit Committee and the individual attendance rates for directors at its meetings.

2021 key indicators	
Number of Audit Committee meetings	4
Attendance rate at Audit Committee meetings	100%
Number of members of the Audit Committee[1]	3
Proportion of independent directors[1]	100%
Proportion of women on the Audit Committee[1]	33.33%
Average length of service of members of the Audit Committee[1]	4.7 years
Average age of members of the Audit Committee[1]	54

(1) Membership of the Audit Committee at 31 December 2021.
As part of the process of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees, with a view to welcoming the new directors at the Board of Directors' meeting of 26 January 2021, Peugeot Invest Assets (represented by Thierry de Poncheville) resigned from its duties as member of the Audit Committee, and Olivier Lecomte was appointed as member of said Committee. The Audit Committee had not convened before Peugeot Invest Assets' resignation on 26 January 2021.

Directors' individual attendance rates in 2021	
Jean-Patrick Fortlacroix	100%
Olivier Lecomte[1]	100%
Joy Verlé	100%

(1) As part of the process of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees, with a view to welcoming the new directors at the Board of Directors' meeting of 26 January 2021, Peugeot Invest Assets (represented by Thierry de Poncheville) resigned from its duties as a member of the Audit Committee, and Olivier Lecomte was appointed as a member of said Committee. The Audit Committee had not convened before Peugeot Invest Assets' resignation on 26 January 2021.

The operating procedure, membership and duties of the Audit Committee are governed by its Internal Rules, which were updated most recently on 6 December 2017.

Members of the Audit Committee

At 31 December 2021, the Audit Committee comprised the following three members: Jean-Patrick Fortlacroix (Chair of the Committee), Olivier Lecomte, and Joy Verlé. Its membership was unchanged at the date of this report.

Philippe Charrier, Chairman of the Board of Directors until 30 January 2022 and Chairman and Chief Executive Officer since that date, attends its meetings in an advisory capacity.

All members of the Audit Committee are independent directors selected on the basis of their specific financial, accounting and legal expertise, on account of their training or professional experience, as shown in the table presenting the main information about directors at the beginning of section 5.1.1 above and in their biographical details presented in Appendix 3 to this report.

The membership of the Audit Committee complies with the AFEP-MEDEF Code recommendations that (i) at least two-thirds of the Audit Committee's members should be independent directors, and that (ii) no executive officers should serve on the Audit Committee.

The term of office of Audit Committee members is of the same length as their term of office as a director.

Operating procedures of the Audit Committee

The Audit Committee is convened by its Chair whenever he/she or the Board deems it appropriate, and at least three times a year.

The provisional schedule of Audit Committee meetings for the coming year is drawn up in consultation with the directors at the end of the previous year.

Based on this schedule, the agenda for meetings is drawn up by the Chair of the Audit Committee, in conjunction with the Board of Directors when the Board has called the meeting. It is published on the Board of Directors' digital platform in the week preceding the meeting, together, wherever possible, with any documents facilitating its discussions.

The Audit Committee can validly deliberate only if at least half of its members attend the meeting.

The Secretary of the Board of Directors acts as secretary of the Audit Committee.

Minutes are recorded following each meeting and are submitted for review by the members of the Audit Committee.

To carry out its duties effectively, the Audit Committee may, should it deem it necessary, ask the Statutory Auditors, the Chief Executive Officer and/or the Company's executive managers responsible for the preparation of the financial statements, internal control, internal audit and risk management to appear before it, alone or together with representatives of the Company.

As part of its duties, the Audit Committee may request external technical reviews.

Duties and activities of the Audit Committee

The Audit Committee met four times in 2021 (as was the case in the previous financial year). The directors' attendance rate stood at 100% (versus 93.75% in the previous year). Directors' individual attendance rates at the various Audit Committee meetings are stated at the beginning of this section.

The Audit Committee deals with issues arising from the preparation and auditing of financial and accounting information. Its role is to make the requisite preparations for decisions by the Board of Directors on financial and accounting matters.

The Audit Committee reports on its work to the Board of Directors, states any pertinent opinions and suggestions and brings any matters to its attention requiring it to make a decision.

The table below provides a summary of the duties of the Audit Committee and the topics covered during its meetings held in 2021.

Duties of the Audit Committee	Activities of the Audit Committee in 2021
Monitoring of the process through which financial information is prepared	• Review of the annual and consolidated financial statements for the year ended 31 December 2020 and the condensed consolidated interim financial statements for the six-months ended 30 June 2021
Review of risks (including those of a corporate and environmental nature), levels of risk and risk prevention procedures, and material off-balance sheet commitments	• Monitoring of progress on projects to achieve compliance with French law No. 2016-1691 of 9 December 2016 on transparency, combating corruption and the modernisation of business practices ("**Sapin II law**") and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**")
Verification of the effectiveness of internal control, internal audit and risk management systems, and of the statutory audit of the annual and consolidated financial statements by the Statutory Auditors and, where necessary, the acknowledgement of any observations made by the H3C (High Council for Statutory Audit)	• Acknowledgement of the work performed by the Statutory Auditors concerning the annual and consolidated financial statements for the year ended 31 December 2020 and the consolidated interim financial statements for the six-months ended 30 June 2021, and of the effectiveness of ORPEA's internal control • Review of the section of the management report covering risk management • Information regarding the results of the Statutory Auditors' work relating to internal control and by the Audit, Risk and Compliance department
Implementation of rules on the rotation of audit firms and main signing partners in accordance with the law, in particular by supervising the selection process for the Company's Statutory Auditors and by submitting the results of said process to the Board of Directors	Not applicable in 2021
Regulated related-party agreements and procedure for assessing agreements entered into in the ordinary course of business and on arm's length terms	• Review of related-party agreements entered into in 2020 and those entered into in prior years which remained in effect during 2020 • Review of agreements in force at 31 December 2020 that were entered into in the ordinary course of business and on arm's length terms
Prior authorisation by the Statutory Auditors of ORPEA for the provision to the Group of non-audit services that are not included on the list of prohibited non-audit services (Article 5 of EU Regulation 537/2014 and Article 10 of the Code of Conduct) (the "**Permitted Non-Audit Services**")	Not applicable in 2021
Other	• Definition of the debt analysis to be carried out by an external service provider

5.1.3.2 APPOINTMENTS AND REMUNERATION COMMITTEE

The following tables present the key indicators applicable to the Appointments and Remuneration Committee and the directors' individual attendance rates at its meetings.

2021 key indicators

Number of meetings of the Appointments and Remuneration Committee	4
Attendance rate at meetings of the Appointments and Remuneration Committee	100%
Number of members of the Appointments and Remuneration Committee[1]	5
Proportion of independent directors[1][2]	100%
Proportion of women on the Appointments and Remuneration Committee[1][2]	75%
Average length of service of members of the Appointments and Remuneration Committee[1][3]	4.2 years
Average age of members of the Appointments and Remuneration Committee[1][3]	54

(1) Membership of the Appointments and Remuneration Committee at 31 December 2021.
As part of the process of reshaping the membership of the Board Committees, with a view to welcoming the new directors, Corine de Bilbao was appointed as member of the Appointments and Remuneration Committee on 26 January 2021.
(2) The director representing employees was not included in the calculations.
(3) The director representing employees was included in the calculations.

Directors' individual attendance rates in 2021

Peugeot Invest Assets[1], represented by Thierry de Poncheville	100%
Corine de Bilbao[2]	100%
Bernadette Danet-Chevallier	100%
Joy Verlé	100%
Sophie Kalaidjian, Director representing employees	100%

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(2) As part of the process of reshaping the membership of the Board Committees, in particular with a view to welcoming the new directors at the Board of Directors of 26 January 2021, Corine de Bilbao was appointed as member of the Appointments and Remuneration Committee.

Members of the Appointments and Remuneration Committee

At 31 December 2021, the Appointments and Remuneration Committee comprised the following five members: Peugeot Invest Assets[1] (represented by Thierry de Poncheville, Chair of the Committee), Corine de Bilbao, Bernadette Danet-Chevallier, Joy Verlé and Sophie Kalaidjian, Director representing employees. Its membership was unchanged at the date of this report.

Philippe Charrier, Chairman of the Board of Directors until 30 January 2022 and Chairman and Chief Executive Officer since that date, attends its meetings in an advisory capacity.

All of its members are independent, except for the director representing employees, given that, in accordance with recommendation 9.3 of the AFEP-MEDEF Code, said director was not included in the calculation of the proportion of independent directors sitting on the Appointments and Remuneration Committee.

The membership of the Appointments and Remuneration Committee complies with the AFEP-MEDEF Code recommendations that no executive officers should serve on it, that a majority of its members should be independent directors, and that a director representing employees should be a member.

The term of office of Appointments and Remuneration Committee members is of the same length as their term of office as a director.

Operating procedures of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee is convened by its Chair whenever the Chairman or the Board of Directors deems it appropriate.

The provisional schedule of Appointments and Remuneration Committee meetings for the coming year is drawn up in consultation with the directors at the end of the previous year.

Based on this schedule, the agenda for meetings is drawn up by the Chair of the Appointments and Remuneration Committee, in conjunction with the Board of Directors when the Board has called the meeting. It is published on the Board of Directors' digital platform in the week preceding the meeting, together, wherever possible, with any documents facilitating its discussions.

The Appointments and Remuneration Committee can validly deliberate only if at least half of its members attend the meeting.

The Secretary of the Board of Directors acts as secretary of the Appointments and Remuneration Committee.

Minutes are recorded following each meeting and are submitted for review by the members of the Appointments and Remuneration Committee.

To fulfil its duties, the Appointments and Remuneration Committee involves the Chief Executive Officer in preparation for the appointment of executive officers and the remuneration policy applicable to them. Moreover, the non-financial performance criteria taken into account when setting the bonus and long-term remuneration of the Chief Executive Officer are defined together with the CSR and Innovation Committee.

To perform its duties, the Appointments and Remuneration Committee may request external technical reviews.

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Duties and activities of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee met four times in 2021 (versus eight times during the previous financial year). The attendance rate stood at 100% (as was the case during the previous year). Directors' individual attendance rates at the various Appointments and Remuneration Committee meetings are stated at the beginning of this section.

The Appointments and Remuneration Committee monitors governance and remuneration issues.

The Appointments and Remuneration Committee reports on its work to the Board of Directors, states any pertinent opinions and suggestions and brings any points to its attention that require it to make a decision.

The table below provides a summary of the duties of the Appointments and Remuneration Committee and the topics covered during its meetings held in 2021.

Duties of the Appointments and Remuneration Committee	Activities of the Appointments and Remuneration Committee in 2021
Insight to assist the Board of Directors in deciding whether the roles of Chairman and Chief Executive Officer should be combined or split and on the status of executive officers Opinion on the proposals by the Chairman of the Board of Directors concerning the appointment of the Chief Executive Officer	Not applicable in 2021
Organisation of the regular assessment of the structure, size and membership of the Board of Directors and submission of recommendations relating to any amendment/Proposals to the Board for the selection of directors	• Reflection on the membership of the Board of Directors in line with the Group's development when discussing the terms of office that are set to expire at the close of the 2021 and 2022 Annual General Meetings • Proposed renewal of the terms of office of Bernadette Danet-Chevallier and Olivier Lecomte as directors • Review in early 2021 of the results of the annual assessment of the Board of Directors and the Board Committees • Preparation and implementation of the formal assessment of the Board of Directors and the Board Committees at end-2021
Proposals to the Board of Directors concerning the establishment and membership of Board Committees	• Recommendation concerning the creation of a new Board Committee dedicated to CSR and Innovation • Proposed reshaping of the membership of the Board Committees, in particular with a view to welcoming the new directors
Discussions regarding the independence of directors during the Board of Directors' annual review thereof prior to publication of the annual report and when director candidates are selected	• Discussions regarding the independence of directors in office and drafting of recommendations for the Board of Directors
Succession planning for executive officers in the event of an unforeseen departure, and checking that the plan in place is consistent and up to date	Not applicable in 2021
Monitoring of the correct application of the Corporate Governance Code to which the Company refers	• Preparation of the Board of Directors' corporate governance report
Drafting of proposals relating to the remuneration of corporate officers	• Recommendations regarding the amendment of the 2020 remuneration policies applicable to Yves Le Masne and Jean-Claude Brdenk, and the 2018 and 2019 remuneration policies of Jean-Claude Brdenk • Recommendations on the amount of bonus payments made in respect of 2020 to Yves Le Masne[1] and Jean-Claude Brdenk[2], based on the targets set for them for the financial year, by applying the calculation method approved previously by the Board of Directors • Report on the Mercer study that supported the Committee's decision regarding the 2021 remuneration policy for corporate officers • Recommendations on the 2021 remuneration policy for corporate officers (including the free share plan for Yves Le Masne)
Preparation of Board decisions regarding updates to its Internal Rules	• Draft of the amended Internal Rules of the Board of Directors, particularly taking into account the creation of a CSR and Innovation Committee
Other	• Recommendation on renewing the delegation of authority to the Chief Executive Officer to award shares free of consideration to the Group's key executives • Participation in the recruitment process for EVP Finance

(1) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer.
(2) On 2 November 2020, the Board of Directors terminated Jean-Claude Brdenk's duties as Chief Operating Officer, with effect from 31 December 2020.

The Appointments and Remuneration Committee is also responsible for ensuring that the succession plan for corporate officers and key executives (i.e., persons joining the Executive Committee and other key functions of the Company) is consistent and up to date, in accordance with Article 4-2-1 of the Internal Rules. This plan, the preparation of which is coordinated by the Group Human Resources Department, is presented periodically to the Appointments and Remuneration Committee, which identifies possible areas for improvement and provides its comments.

5.1.3.3 CSR AND INNOVATION COMMITTEE

Corporate Social Responsibility and Innovation are at the heart of ORPEA's business model. Accordingly, the Board of Directors of 26 January 2021 decided to create a CSR and Innovation Committee.

The following tables present the key indicators applicable to the CSR and Innovation Committee and the individual attendance rates for directors at its meetings.

2021 key indicators	
Number of meetings of the CSR and Innovation Committee	4
Attendance rate at meetings of the CSR and Innovation Committee	100%
Number of members of the CSR and Innovation Committee[1]	4
Proportion of independent directors[1]	100%
Proportion of women on the CSR and Innovation Committee[1]	50%
Average length of service of members of the CSR and Innovation Committee[1]	< 1 year
Average age of members of the CSR and Innovation Committee[1]	55.8

(1) Membership of the CSR and Innovation Committee at 31 December 2021.
The Board of Directors, at its meeting of 26 January 2021, decided to create the CSR and Innovation Committee.

Directors' individual attendance rates in 2021	
Corine de Bilbao	100%
Moritz Krautkrämer	100%
Peugeot Invest Assets, represented by Thierry de Poncheville[1]	100%
Pascale Richetta	100%

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Membership of the CSR and Innovation Committee

At 31 December 2021, the CSR and Innovation Committee comprised the following four members: Corine de Bilbao (Chair of the Committee), Peugeot Invest Assets[1] (represented by Thierry de Poncheville), Moritz Krautkrämer and Pascale Richetta. Its membership was unchanged at the date of this report.

Philippe Charrier, Chairman of the Board of Directors until 30 January 2022 and Chairman and Chief Executive Officer since that date, attends its meetings in an advisory capacity.

All of its members are independent.

The length of appointment of CSR and Innovation Committee members is the same as their term of office as a director.

Operating procedures of the CSR and Innovation Committee

The CSR and Innovation Committee is convened by its Chair whenever he/she or the Board of Directors deems it appropriate.

The provisional schedule of the CSR and Innovation Committee meetings for the coming year is drawn up in consultation with the directors at the end of the previous year.

The agenda for meetings is drawn up by the Chair of the CSR and Innovation Committee, in conjunction with the Board of Directors when the Board has called the meeting. It is published on the Board of Directors' digital platform in the week preceding the meeting, together, wherever possible, with any documents facilitating its discussions.

The CSR and Innovation Committee can validly deliberate only if at least half of its members attend the meeting.

The Secretary of the Board of Directors acts as secretary of the CSR and Innovation Committee.

Minutes are recorded following each meeting and are submitted for review by the members of the CSR and Innovation Committee.

As part of its duties, the CSR and Innovation Committee may request external technical reviews.

Responsibilities of the CSR and Innovation Committee

The CSR and Innovation Committee met four times in 2021. The directors' attendance rate stood at 100%. Directors' individual attendance rates at the various CSR and Innovation Committee meetings are stated at the beginning of this section.

The CSR and Innovation Committee monitors issues of corporate social responsibility and innovation.

The CSR and Innovation Committee reports on its work to the Board of Directors, states any pertinent opinions and suggestions, and brings any matters to its attention requiring it to make a decision.

The table below provides a summary of the duties of the CSR and Innovation Committee and the topics covered during its meetings held in 2021.

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Responsibilities of the CSR and Innovation Committee	Activities of the CSR and Innovation Committee in 2021
Review of the Group's strategy and commitments related to corporate social responsibility and innovation	• Definition of the Group's CSR positioning, the 2023 CSR roadmap and detailed review of its key indicators • Review of Innovation governance
Monitoring of the actions implemented by the Group in respect of corporate social responsibility and innovation, and assessment of the main results	• Review of CSR rating and investor feedback • Follow-up of innovation projects • Review of the 2023 CSR roadmap communication plan • Review of the environmental strategy and the Green Building Strategy
Review of the main environmental and societal risks in coordination with the Audit Committee, and the impact of social and environmental issues in terms of investment, economic performance, and reputation	• 2020 annual quality audit and 2021 semi-annual audit
Contribution to defining the non-financial performance criteria taken into account when setting the bonus and long-term remuneration of the Chief Executive Officer, in coordination with the Appointments and Remuneration Committee	Not applicable in 2021
Opinion given on the way in which the Company implements a non-discrimination and diversity policy, notably with regard to the balanced representation of men and women within management bodies	• Monitoring the implementation of diversity objectives within management bodies

5.2 Executive management

5.2.1 SEPARATION OF THE DUTIES OF CHAIRMAN FROM THOSE OF CHIEF EXECUTIVE OFFICER

On 30 January 2022, following the decision to terminate the duties of Yves Le Masne as Chief Executive Officer, the Board of Directors decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and appoint Philippe Charrier as Chairman and Chief Executive Officer of the Company on a transitional basis. His duties include ensuring, under the supervision of the Board of Directors, that best practices are applied throughout the company, and shedding light on the allegations of wrongdoing in a book published on 26 January 2022, drawing in particular on the independent review commissioned by the Board of Directors from Grant Thornton and Alvarez & Marsal.

The Board of Directors will revert to a governance structure separating the roles of Chairman and Chief Executive Officer on 1 July 2022, when the new Chief Executive Officer, Laurent Guillot, takes up his duties.

5.2.2 RESTRICTIONS ON THE POWERS OF EXECUTIVE MANAGEMENT

5.2.2.1 RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer leads the Company and is entrusted with the broadest of powers to act on its behalf in all circumstances. The Chief Executive Officer exercises these powers within the limits of the corporate purpose and without prejudice to those powers that the law expressly allocates to Annual General Meetings and to the Board of Directors.

The Chief Executive Officer must seek the prior approval of the Board of Directors for the following decisions:

- any investment/acquisition of any non-real estate asset in a country in which the Group is already established and in one of its existing business segments (i.e., in which a Group business unit is already active), in a unit amount per transaction strictly exceeding €25 million;
- any disposal/sale of any non-real estate asset in a unit amount exceeding €5 million;
- any investment/acquisition of any real estate asset in a country in which the Group is already established, in a unit amount per transaction strictly exceeding €50 million;
- any disposal/sale of any real estate asset in a country in which the Group is already established, in a unit amount per transaction strictly exceeding €50 million;
- any investment/acquisition by the Group in a country in which it was previously not established or in a new business segment (no Group business units yet active in it);
- any loan or financing in a unit amount exceeding €150 million or a change in the terms and conditions of any existing borrowing or financing in an amount exceeding €150 million, with the additional requirement that no financing operations of any size may cause dilution without the express approval of the Board of Directors (the Chief Executive Officer is required to inform the Board of Directors at its next meeting of any loan or financing in excess of €75 million);
- any security deposits, pledges or other guarantees in a unit amount exceeding €150 million (the Chief Executive Officer is required to inform the Board of Directors at its next meeting of any deposit, pledge or other guarantee that exceeds €75 million);
- any decision concerning the strategic direction of a Group company or any material change in this positioning or the business activities of a company;
- the approval and amendment of the annual budget or business plan established by ORPEA or the Group;
- any share capital transaction (including, but not restricted to mergers, demergers, partial asset contributions, increases or reductions in capital, issuance of any negotiable securities carrying rights to the Company's share capital, or the creation of new classes of shares);
- the policy for dividend pay-outs or any other form of distribution by the Company to its shareholders;
- the remuneration of the Company's corporate officers;
- any plan or award of stock options, free shares, incentive payments or profit-sharing.

5.3 Remuneration and benefits awarded to corporate officers

5.3.1 REMUNERATION AND BENEFITS AWARDED TO CORPORATE OFFICERS FOR 2021 (SUBJECT TO SHAREHOLDERS' RETROSPECTIVE "SAY ON PAY" VOTE)

The remuneration and benefits awarded to corporate officers for financial year 2021 were allocated in accordance with the remuneration policy applicable to them, as approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code.

Accordingly, the remuneration package of the Chairman of the Board of Directors only comprises fixed remuneration and the remuneration he may receive in his capacity as director, and that of the Chief Executive Officer consists of fixed remuneration, a bonus payment and a long-term incentive plan linked to the Company's share capital (in the form of free share awards).

The payment of Yves Le Masne's 2021 annual bonus is subject to the approval of the Annual General Meeting to be held on 28 July 2022.

Remuneration attributable to the members of the Board of Directors for the year ended 31 December 2021 is paid out of the total amount of remuneration for directors approved by the Annual General Meeting of 24 June 2021 based on the individual allocation methods approved by the same Meeting. The amount of each directors' remuneration reflects their attendance record at meetings of the Board of Directors and Board Committees, and comprises an attendance-based variable component with a higher weighting than the fixed component.

5.3.1.1 DIRECTORS' REMUNERATION AND BENEFITS IN KIND

In accordance with the law, the total amount of directors' remuneration is set by the Annual General Meeting and the methods for allocating the total among the directors are determined by the Board, in accordance with the remuneration policy submitted for shareholders' approval pursuant to Article L. 22-10-8 of the French Commercial Code (*Code de commerce*).

Pursuant to the recommendations of the AFEP-MEDEF Code, these allocation methods take into account the directors' attendance record at meetings of the Board of Directors and Board Committees, and therefore comprise an attendance-based variable component with a higher weighting than the fixed component. The amount of directors' remuneration reflects their level of responsibility and the time required to perform their duties.

The Annual General Meeting of 24 June 2021 set the total amount of directors' remuneration at €650,000 per annum. This amount, which was the same as the previous year, was recommended by the Board of Directors based on a proposal submitted by the Appointments and Remuneration Committee.

Also based on a proposal by the Appointments and Remuneration Committee, the Board decided to renew the methods applicable for allocating individual directors' remuneration out of the aggregate amount. These methods, which have been applicable since 28 June 2018, are as follows:

- for attendance at Board meetings (for directors who do not represent employees), they will receive a lump-sum amount not exceeding €40,000, which consists of a fixed sum of €15,000 and a variable portion of €25,000 from which €2,500 is deducted per meeting missed, starting from the second meeting missed;
- for attendance at meetings of the Board Committees (for directors who do not represent employees), they will receive a fixed sum of €3,000 per meeting, or double this amount for the Committee chairs;
- directors representing employees receive a sum of €1,500 per meeting of the Board of Directors and, where applicable, the Board Committees.

Pursuant to these rules, a total gross amount of €633,500 was paid in respect of the aggregate annual remuneration allocated to directors for their attendance at meetings of the Board of Directors and Board Committees in 2021 (€620,581.96 for the previous year).

The amount of remuneration received by each of the directors for 2020 and 2021 is presented in Table 3 based on the AMF Template, set out in section 5.3.2.3 below.

5.3.1.2 REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2021

Fixed remuneration

Based on a proposal submitted by the Appointments and Remuneration Committee, and in order to reflect Philippe Charrier's experience and the duties entrusted to him (as presented in section 5.1.2 above), the Board of Directors decided to keep his gross annual fixed remuneration as Chairman of the Board of Directors at €260,000 for 2021 (for the fourth consecutive year).

In accordance with the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Philippe Charrier received gross fixed remuneration of €260,000 for his duties as Chairman of the Board of Directors for the year ended 31 December 2021.

Directors' remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code, and the methods applicable for allocating the aggregate annual amount of directors' remuneration, Philippe Charrier received €40,000 in respect of his duties as Director for the year ended 31 December 2021.

Annual bonus payment and other remuneration

Philippe Charrier does not receive an annual bonus or exceptional remuneration. He does not receive any other remuneration (notably stock options or performance shares) or any benefits in kind.

Remuneration paid during or awarded for 2021 to Philippe Charrier, Chairman of the Board of Directors, subject to shareholders' retrospective "say on pay" vote at the Annual General Meeting on 28 July 2022

Pursuant to Article L. 22-10-34 of the French Commercial Code, the Company will seek shareholder approval at the Annual General Meeting to be held on 28 June 2022 of the fixed, bonus and exceptional remuneration components of the total remuneration and benefits paid during or awarded for the financial year ended 31 December 2021 to Philippe Charrier, Chairman of the Board of Directors (he does not receive an annual bonus, exceptional remuneration or any other remuneration – notably stock options or performance shares – or any benefits in kind).

The remuneration received by Philippe Charrier, Chairman of the Board of Directors for 2021 is consistent with the policy for his remuneration approved at the Annual General Meeting on 24 June 2021.

Components of remuneration	Amounts or accounting value	Comments
Annual fixed remuneration	€260,000	Based on a proposal submitted by the Appointments and Remuneration Committee, and in order to reflect Philippe Charrier's experience and the duties entrusted to him, the Board of Directors decided to keep his gross annual fixed remuneration as Chairman of the Board of Directors at €260,000 for 2021 (for the fourth consecutive year). Accordingly, Philippe Charrier received €260,000 in gross fixed remuneration for 2021.
Annual bonus payment	N/A	Philippe Charrier did not receive any annual bonus payments.
Exceptional remuneration	N/A	Philippe Charrier did not receive any exceptional remuneration.
Directors' remuneration	€40,000	In accordance with the methods applicable for allocating the total annual remuneration granted to directors, Philippe Charrier received €40,000 for his participation in Board meetings in 2021.
Long-term remuneration	N/A	Philippe Charrier was not eligible for any long-term remuneration.
Sign-on or severance payments	N/A	No commitment of this kind was made.
Benefits in kind	N/A	Philippe Charrier did not receive any benefits in kind.

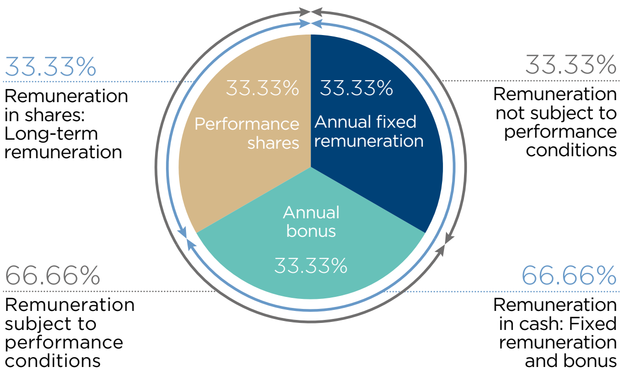
5.3.1.3 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER FOR 2021[1]

Principles

Based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to maintain the structure of Yves le Masne's remuneration as Chief Executive Officer for 2021, as follows:

- a fixed remuneration component accounting for one third;
- an annual bonus payment component accounting for one third; and
- a long-term incentive plan linked to the Company's share capital accounting for the final third.

- **Illustration of the balance between the various components of the Chief Executive Officer's annual remuneration**



Based on this proposal, the remuneration package awarded to the Chief Executive Officer Yves Le Masne for the year ended 31 December 2021 is as follows:

- annual fixed remuneration: €760,000;
- annual bonus payment: a target bonus of 100% of the annual fixed remuneration, with a maximum of 150% of said remuneration in the event of outperformance;
- a long-term incentive plan covering a period of three years, in the form of a free share plan or similar plan, capped at 100% of the annual fixed remuneration based on IFRS measurements, as calculated by an independent firm.

In addition, Yves Le Masne received the following benefits in kind:

- the use of a company car;
- membership of group personal protection and healthcare cost reimbursement plans in force within the Company, subject to the same conditions as those applicable to the employee category in which he was included for the purposes of those plans.

Yves Le Masne also received remuneration in respect of his duties as Director, which was calculated as set out above.

Lastly, Yves Le Masne was entitled to a severance package.

The annual bonus payment awarded for the financial year ended 31 December 2021 to Yves Le Masne may only be paid after its approval by the Annual General Meeting to be held on 28 July 2022, in accordance with the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code.

(1) *On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer.*

Criteria

Annual bonus payment

The annual bonus payment is comprised of the following components:

- a component linked to the attainment of quantifiable objectives, representing a target proportion of 70% of the total annual bonus payment. The attainment level for the quantifiable criteria is validated by the Statutory Auditors as part of their audit work;
- a component linked to the attainment of qualitative objectives, representing a target proportion of 30% of the total annual bonus payment. The attainment level for the qualitative criteria is assessed based on a presentation by Executive Management of performance achieved relative to each objective.

The tables below set out the methods used to calculate the Chief Executive Officer's annual bonus payment for the year ended 31 December 2021, together with the underlying objectives and their attainment levels.

The Board of Directors (i) did not exercise the discretionary power that it had reserved for itself to factor in the exceptional circumstances of the Covid-19 pandemic when assessing the attainment level for quantifiable objectives, and (ii) recommends that the retrospective "say on pay" resolution that will be submitted for shareholder approval at the 28 July 2022 Annual General Meeting should be rejected in view of the crisis faced by the Group and its stakeholders following the publication of a book containing allegations of wrongdoing. If this resolution is rejected, Yves Le Masne will not be paid any bonus.

	Objectives			Target bonus				Bonus in the event of outperformance			
Aggregates excluding IFRS 16	**Initial target**	**Outperformance**	**2021 attainment**	**Target** *(%)*	**Target** *(in euros)*	**2021 attainment**	**2021 amount**	**Outperformance** *(%)*	**Outperformance** *(in euros)*	**% outperformance**	**Outperformance** *(in euros)*
QUANTIFIABLE OBJECTIVES (70% OF THE TOTAL BONUS PAYMENT)											
Revenue growth[1]	6.00%	9.00%	9.60%	17.50%	€133,000.00	Achieved	€133,000.00	16.67%	€126,666.67	100.00%	€126,666.67
Organic revenue growth[1]	4.00%	6.00%	5.50%	17.50%	€133,000.00	Achieved	€133,000.00	16.67%	€126,666.67	75.00%	€95,000.00
EBITDA growth	17.00%	20.00%	12.30%	17.50%	€133,000.00	Not achieved	€0.00	16.67%	€126,666.67		
Gearing	≤ 1.7		1,729	17.50%	€133,000.00	Not achieved	€0.00				
Total quantifiable objectives				**70.00%**	**€532,000.00**		**€266,000.00**	**50.00%**	**€380,000.00**		**€221,666.67**
QUALITATIVE OBJECTIVES (30% OF THE TOTAL BONUS PAYMENT)											
Strategic review of the Company in the wake of the crisis				10.00%	€76,000.00	Not achieved	€0.00				
Succession plan and organisation to support the Company's growth				10.00%	€76,000.00	Not achieved	€0.00				
Definition of an environmental strategy[2]				10.00%	€76,000.00	Achieved	€76,000.00				
Total qualitative objectives				**30.00%**	**€228,000.00**		**€76,000.00**				
TOTAL BONUS				**100.00%**	**€760,000.00**		**€342,000.00**	**50.00%**	**€380,000.00**	**0.00%**	**€221,666.67**
											TOTAL
											€563,666.67
											74.00%

(1) Revenue excluding government subsidies (other income).
(2) ESG criterion.

Free share plan

The principal terms and conditions governing the free share plan are as follows:

- Amount equal to fixed salary, based on the IFRS measurement of the shares as calculated by an independent firm, with a reference date of 22 April 2021, the date of the Board of Directors' meeting.
- Service condition, which may be waived at the Board of Directors' discretion provided that there are substantive grounds for such a decision and that provision is made, where applicable, to reduce the maximum number of shares that may vest on a pro rata basis.
- Performance conditions:
  - First performance condition (stock market – 45% of the vested shares): the performance of ORPEA's share price with dividends included (total shareholder return – TSR) compared with the average performance of the MSCI Europe ex UK index (made up of over 300 companies in Europe outside the United Kingdom) and the CAC 40 index, including dividends paid, over the years 2021, 2022 and 2023:
    - 25% of the awarded shares contingent on the first condition will vest if ORPEA's TSR is equal to the average performance of both indices over the reference periods;
    - 60% of the awarded shares contingent on the first condition will vest if ORPEA's TSR exceeds the average performance of both indices by 5 percentage points over the reference periods:
      - between 25% and 60% of the awarded shares will vest (on a pro rata basis) if ORPEA's TSR is between (i) the average performance of both indices over the reference periods and (ii) 5 percentage points above said average performance;
    - 100% of the awarded shares contingent on the first condition will vest if ORPEA's TSR exceeds the average performance of both indices over the reference periods by at least 10 percentage points:
      - between 60% and 100% of the awarded shares will vest (on a pro rata basis) if ORPEA's TSR is between 5 percentage points and 10 percentage points above the average performance of both indices over the reference periods;
    - Reference periods: average of ORPEA's share price performance over the period from 1 January 2024 to 30 April 2024, plus the dividend paid for 2021, 2022 and 2023, compared with the same average over the period from 1 January 2021 to 30 April 2021, plus the dividend paid for 2020. These reference periods will also be used to calculate the average performance of the MSCI Europe ex UK index and the CAC 40 index, including dividends paid (the indices' TSR), over the years 2021, 2022 and 2023;
  - Second performance condition (internal – 40% of the vested shares): earnings per share:
    - 25% of the awarded shares contingent on the second condition will vest if earnings per share increases by 25% between 31 December 2020 and 31 December 2023;
    - 60% of the awarded shares contingent on the second condition will vest if earnings per share increases by 26% between 31 December 2020 and 31 December 2023:
      - between 25% and 60% of the awarded shares will vest (on a pro rata basis) if earnings-per-share growth between 31 December 2020 and 31 December 2023 is between 25% and 26%;
    - 100% of the awarded shares contingent on the second condition will vest if earnings per share increases by at least 27% between 31 December 2020 and 31 December 2023:
      - between 60% and 100% of the awarded shares will vest (on a pro rata basis) if earnings-per-share growth between 31 December 2020 and 31 December 2023 is between 26% and 27%;
  - Third performance condition (ESG – 15% of the vested shares): five objectives of the 2023 CSR roadmap, each counting for 3% of the vested shares:
    - 100% of facilities certified by an external body;
    - 15% reduction in work-related accidents;
    - 50% internal promotions to regional director, director and head nurse positions;
    - 100% of main and regular suppliers signing the Responsible Procurement Charter;
    - 100% of new construction projects receiving HQE accreditation (or equivalent);
  - Vesting period: three years;
  - 25% of the vested shares must be held until the end of the beneficiary's term of office;
  - Signature of a letter by the beneficiary undertaking not to hedge the risks relating to performance shares until the end of the lock-up period for the shares, as stipulated by the Board of Directors, in addition to the commitment stated in the plan rules.

The periods during which the shares may not be sold are specified in the plan rules.

Executive corporate officers are not granted stock options.

Commitments given to the Chief Executive Officer

Severance payment

The Board of Directors approved the continuation of the severance payment system that would apply on termination of Yves Le Masne's duties as Chief Executive Officer, making him eligible for a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid for the previous two financial years), excluding any exceptional and/or long-term remuneration, in line with the Company's best interests and with market practices.

The severance payment would be paid in the following circumstances:

- in the event that the Chief Executive Officer is removed from office by the Board of Directors, irrespective of how his duties are terminated, including by dismissal, a request for him to resign or his non-reappointment (specifically excluding dismissal for gross misconduct); or
- in the event of a change in control or strategy of the Company, instigated by the Board of Directors or the Chief Executive Officer. A change in control is defined as any changes in the Company's ownership status arising from transactions such as a merger, restructuring, disposal, takeover bid or exchange offer, subsequent to which a shareholder, whether a legal or natural person, acting alone or in concert, directly or indirectly, comes into possession of a proportion of the Company's share capital or voting rights that gives said shareholder effective control thereof.

In addition, the severance payment would only be paid in full by the Board of Directors provided that the Chief Executive Officer's average bonus payment for the two years preceding that in which he departs is equal to or over 75% of his target bonus payment (excluding any exceptional remuneration). The amount of the severance payment would be reduced proportionally if his average bonus payment for said two years corresponds to between 50% and 75% of his target bonus payment (excluding any exceptional remuneration), and no severance payment would be due if this average is below 50%.

If Yves Le Masne is entitled to claim a full basic pension within six months of the termination of his duties, the severance payment may not be made.

Unemployment insurance

Yves Le Masne is covered by an unemployment insurance policy, with the corresponding premiums paid by the Company and its subsidiaries.

Remuneration of the Chief Executive Officer for 2021

Fixed remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Yves Le Masne received €760,000 in gross annual fixed remuneration for 2021.

Annual bonus payment

Based on the quantifiable and qualitative criteria provided for in the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, on the recommendation of the Appointments and Remuneration Committee, the Board of Directors set Yves Le Masne's gross annual bonus payment for the year ended 31 December 2021 at €563,666.67, by reference to the attainment levels for said criteria as detailed in the above table. The payment of this remuneration component is subject to the approval of the Annual General Meeting to be held on 28 July 2022.

The Board of Directors recommends that the retrospective "say on pay" resolution that will be submitted for shareholder approval at the 28 July 2022 Annual General Meeting should be rejected in view of the crisis faced by the Group and its stakeholders following the publication of a book containing allegations of wrongdoing. If this resolution is rejected, Yves Le Masne will not be paid any bonus.

Long-term remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Yves Le Masne was awarded 13,271 performance shares free of consideration (representing 0.02% of the Company's share capital) subject to the terms and conditions set out above. The value of these shares, measured in accordance with IFRS, was €760,160.98 at 22 April 2021.

As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 24 June 2021 cannot be met. Therefore, the 13,271 free shares awarded to Yves Le Masne on that date have lapsed and will never vest[1].

Directors' remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code, and the methods applicable for allocating the total remuneration awarded to directors, as described above, Yves Le Masne received €40,000 for his duties as Director in 2021.

Severance payments

No severance payment was made to Yves Le Masne in the year ended 31 December 2021.

Other remuneration and benefits

In accordance with the remuneration policy approved by the Annual General Meeting of 24 June 2021 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Yves Le Masne was eligible for:

- unemployment insurance, with the corresponding premiums paid for by the Company and its subsidiaries amounting to €32,764.82 for the year ended 31 December 2021;
- the use of a company car, representing a benefit in kind worth €3,546.48 for the year ended 31 December 2021;
- membership of group personal protection and healthcare cost reimbursement plans in force within the Company, subject to the same conditions as those applicable to the employee category in which he was included for the purposes of those plans.

He did not receive any other form of remuneration (including stock options) or benefits in kind (including any specific supplementary pension contributions).

Remuneration paid during or awarded for 2021 to the Chief Executive Officer, subject to shareholders' retrospective "say on pay" vote at the Annual General Meeting of 28 July 2022

Pursuant to Article L. 22-10-34 of the French Commercial Code, the Company will seek shareholder approval at the Annual General Meeting to be held on 28 July 2022 of the fixed, bonus and exceptional components of the total remuneration and benefits paid during or awarded for the year ended 31 December 2021 to Yves Le Masne (no exceptional remuneration).

Pursuant to Article L. 22-10-34 of the French Commercial Code, annual bonus payments to Yves Le Masne are subject to the approval of his remuneration by the Annual General Meeting.

The remuneration received by Yves Le Masne for 2021 is consistent with his remuneration policy approved at the Annual General Meeting on 24 June 2021.

The Board of Directors recommends that the retrospective "say on pay" resolution that will be submitted for shareholder approval at the 28 July 2022 Annual General Meeting should be rejected in view of the crisis faced by the Group and its stakeholders following the publication of a book containing allegations of wrongdoing.

(1) *As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the shares awarded to him under the 2019 and 2020 free share plans (i.e., 39,983 performance shares) cannot be met either and the corresponding shares will never vest.*

Components of remuneration	Amounts or accounting value	Comments
Annual fixed remuneration	€760,000	Based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to keep Yves Le Masne's gross annual fixed remuneration for 2021 at €760,000. Accordingly, Yves le Masne received gross fixed remuneration of €760,000 for 2021.
Annual bonus payment[1]	€563,666.67	Based on a proposal submitted by the Appointments and Remuneration Committee and on the attainment level of the objectives underlying the payment of Yves Le Masne's gross annual bonus for 2021, the Board of Directors set his bonus at €563,666.67 (representing 74% of the target bonus payment). The attainment levels for the applicable objectives were as follows: • 100% attainment for the revenue growth objective (target bonus) and for the outperformance bonus. 100% for the organic revenue growth objective (target bonus) and 75% attainment for the outperformance bonus. The quantifiable objectives regarding EBITDA growth and gearing were not attained, however; • the qualitative objective related to defining an environmental strategy was 100% attained, while the objectives concerning the strategic review of the Company in the wake of the crisis and the succession and organisation plan to support the Company's growth were not attained. The Board of Directors did not exercise the discretionary power that it had reserved for itself to factor in the exceptional circumstances of the Covid-19 pandemic when assessing the attainment level of the quantifiable objectives. Accordingly, on 13 June 2022 the Board of Directors set the gross bonus payment for Yves Le Masne at €563,666.67 (representing 74% of the target bonus payment). The Board of Directors recommends that the retrospective "say on pay" resolution that will be submitted for shareholder approval at the 28 July 2022 Annual General Meeting should be rejected in view of the crisis faced by the Group and its stakeholders following the publication of a book containing allegations of wrongdoing. If this resolution is rejected, Yves Le Masne will not be paid any bonus.
Exceptional remuneration	N/A	Yves Le Masne did not receive any exceptional remuneration.
Directors' remuneration	€40,000	In accordance with the methods applicable for allocating the total annual remuneration granted to directors, Yves Le Masne received €40,000 for his participation in Board meetings in 2021.
Long-term remuneration	Award of 13,271 free shares (0.02% of the Company's share capital) Value measured in accordance with IFRS at the award date: €760,160.98[3]	**Service condition**, which may be waived at the Board of Directors' discretion provided that there are substantive grounds for such a decision and that provision is made, where applicable, to reduce the maximum number of shares that may vest on a pro rata basis. Performance conditions: **First performance condition** (stock market – 45% of the vested shares): the performance of ORPEA's share price with dividends included (total shareholder return – TSR) compared with the average performance of the MSCI Europe ex UK index (made up of over 300 companies in Europe outside the United Kingdom) and the CAC 40 index, including dividends paid, over the years 2021, 2022 and 2023: • 25% of the awarded shares contingent on the first condition will vest if ORPEA's TSR is equal to the average performance of both indices over the reference periods; • 60% of the awarded shares contingent on the first condition will vest if ORPEA's TSR exceeds the average performance of both indices by 5 percentage points over the reference periods: – between 25% and 60% of the awarded shares will vest (on a pro rata basis) if ORPEA's TSR is between (i) the average performance of both indices over the reference periods and (ii) 5 percentage points above said average performance; • 100% of the awarded shares contingent on the first condition will vest if ORPEA's TSR exceeds the average performance of both indices over the reference periods by at least 10 percentage points: – between 60% and 100% of the awarded shares will vest (on a pro rata basis) if ORPEA's TSR is between 5 percentage points and 10 percentage points above the average performance of both indices over the reference periods; – reference periods: average of ORPEA's share price performance over the period from 1 January 2024 to 30 April 2024, plus the dividend paid for 2021, 2022 and 2023, compared with the same average over the period from 1 January 2021 to 30 April 2021, plus the dividend paid for 2020. These reference periods will also be used to calculate the average performance of the MSCI Europe ex UK index and the CAC 40 index, including dividends paid (the indices' TSR) over the years 2021, 2022 and 2023. **Second performance condition** (internal – 40% of the vested shares): earnings per share: • 25% of the awarded shares contingent on the second condition will vest if earnings per share increases by 25% between 31 December 2020 and 31 December 2023; • 60% of the awarded shares contingent on the second condition will vest if earnings per share increases by 26% between 31 December 2020 and 31 December 2023: – between 25% and 60% of the awarded shares will vest (on a pro rata basis) if earnings-per-share growth between 31 December 2020 and 31 December 2023 is between 25% and 26%; • 100% of the awarded shares contingent on the second condition will vest if earnings per share increases by at least 27% between 31 December 2020 and 31 December 2023: – between 60% and 100% of the awarded shares will vest (on a pro rata basis) if earnings-per-share growth between 31 December 2020 and 31 December 2023 is between 26% and 27%. **Third performance condition** (ESG – 15% of the vested shares): five objectives of the 2023 CSR roadmap, each counting for 3% of the vested shares: • 100% of facilities certified by an external body; • 15% reduction in work-related accidents; • 50% internal promotions to regional director, director and head nurse positions; • 100% of main and regular suppliers signing the Responsible Procurement Charter; • 100% of new construction projects receiving HQE accreditation (or equivalent). Vesting period: three years. No lock-up period. 25% of the vested shares must be held until the end of the beneficiary's term of office. Ban on hedging the risks relating to performance shares. As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 24 June 2021 cannot be met. Therefore, the 13,271 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.

Sign-on or severance payments	No payment	The Board of Directors approved the continuation of the severance payment system that would apply on termination of Yves Le Masne's duties as Chief Executive Officer, making him eligible for a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid for the previous two financial years), excluding any exceptional and/or long-term remuneration, in line with the Company's best interests and with market practices. The severance payment would be paid in the following circumstances: • in the event that the Chief Executive Officer is removed from office by the Board of Directors, irrespective of how his duties are terminated, including by dismissal, a request for him to resign or his non-reappointment (specifically excluding dismissal for gross misconduct); or • in the event of a change in control or strategy of the Company, instigated by the Board of Directors or the Chief Executive Officer. A change in control is defined as any changes in the Company's ownership status arising from transactions such as a merger, restructuring, disposal, takeover bid or exchange offer, subsequent to which a shareholder, whether a legal or natural person, acting alone or in concert, directly or indirectly, comes into possession of a proportion of the Company's share capital or voting rights that gives said shareholder effective control thereof. In addition, the severance payment would only be paid in full by the Board of Directors provided that the Chief Executive Officer's average bonus payment for the two years preceding that in which he departs is equal to or over 75% of his target bonus payment (excluding any exceptional remuneration). The amount of the severance payment would be reduced proportionally if his average bonus payment for said two years corresponds to between 50% and 75% of his target bonus payment (excluding any exceptional remuneration), and no severance payment would be due if this average is below 50%. If Yves Le Masne is entitled to claim a full basic pension within six months of the termination of his duties, the severance payment may not be made.
Benefits in kind	€36,311.30	Unemployment insurance, with the corresponding premium paid for by the Company amounting to €32,764.82 for 2021. The use of a company car, representing a benefit in kind worth €3,546.48 for 2021. Membership of group personal protection and healthcare cost reimbursement plans in force within the Company, subject to the same conditions as those applicable to the employee category in which he was included for the purposes of those plans.

(1) The payment of this remuneration component is subject to the approval of the Annual General Meeting to be held on 28 July 2022.
(2) ESG criteria.
(3) Value measured in accordance with IFRS at 24 June 2021: €642,291.71.

5.3.1.4 ANNUAL CHANGE IN THE REMUNERATION OF EXECUTIVE OFFICERS COMPARED WITH THE AVERAGE AND MEDIAN REMUNERATION OF EMPLOYEES AND THE COMPANY'S PERFORMANCE

In accordance with Article L. 22-10-9 of the French Commercial Code, the tables below present the annual change in the remuneration of executive officers compared with the average and median remuneration of employees and with the performance of the ORPEA Group.

In accordance with the AFEP-MEDEF guidelines published on 28 January 2020 and updated in February 2021, the total gross remuneration used to calculate the ratios includes the total gross remuneration paid and performance shares awarded during the year (with the value of performance shares corresponding to their IFRS measurement at the award date).

The population included in the calculation of these ratios comprises employees of ORPEA and its French subsidiaries (excluding the Homecare business) that fall within the scope of consolidation, who were continuously present over a period of 24 months (the "**Employees**"). This population represents a major scope within the meaning of the recommendations of the AFEP-MEDEF Code.

Ratios between the annual remuneration of the Chairman of the Board of Directors and the Chief Executive Officer and the average and median remuneration of employees

	2017	2018	2019	2020	2021
Ratios(1)	**Total gross remuneration**	**Total gross remuneration**	**Total gross remuneration**	**Total gross remuneration**	**Total gross remuneration**
CHAIRMAN OF THE BOARD OF DIRECTORS(2)					
Ratio based on the average remuneration of Employees	9	9	9	8	8
Ratio based on the median remuneration of Employees	14	13	13	12	12
CHIEF EXECUTIVE OFFICER(3)					
Ratio based on the average remuneration of Employees	63	72	74	53	55
Ratio based on the median remuneration of Employees	91	104	109	97	81

(1) On 2 November 2020, the Board of Directors terminated the duties of Jean-Claude Brdenk as Chief Operating Officer, with effect from 31 December 2020, and he was not replaced. As the Company has not had a Chief Operating Officer since that date, the ratios between the annual remuneration of the Chief Operating Officer and the average and median remuneration of Employees are no longer presented.
(2) On 28 March 2017, following the resignation of Jean-Claude Marian as Director and Chairman of the Board of Directors, the Board of Directors appointed Philippe Charrier as Director and as Chairman of the Board of Directors. Jean-Claude Marian is the founder of ORPEA, which explains why his annual remuneration was higher than that of Philippe Charrier and, consequently, the ratio compared with the median and average remuneration of Employees was also higher in 2017.
(3) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer and appointed Philippe Charrier as Chairman and Chief Executive Officer. The ratios between the annual remuneration of the Chairman and Chief Executive Officer and the average and median remuneration of Employees will be presented in the 2022 Universal Registration Document.

Change in the annual remuneration of the Chairman of the Board of Directors and the Chief Executive Officer and the average and median remuneration of Employees compared with the performance of the ORPEA Group

	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020
Change in Group revenue	10.45%	8.97%	9.37%	4.87%	9.59%
Change in Group EBITDA	15.43%	10.20%	7.92%	-2.42%	11.94%
Change in the remuneration of the Chairman of the Board of Directors[1]	-49%	139%	4%	-5%[3]	6%[3]
Change in the remuneration of the Chief Executive Officer[2]	-2%	15%	7%	-8%	-9%
Change in the average remuneration of Employees	2%	1%	4%	7%	5%
Change in the median remuneration of Employees	0%	1%	2%	3%	10%

(1) On 28 March 2017, following the resignation of Jean-Claude Marian as Director and Chairman of the Board of Directors, the Board of Directors appointed Philippe Charrier as Director and as Chairman of the Board of Directors. In 2018, the second year of Philippe Charrier's term of office, after reviewing a benchmark remuneration study for similar positions by a renowned international independent external firm and to reflect his experience and the nature of the duties entrusted to him, his annual remuneration was increased.

(2) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer and appointed Philippe Charrier as Chairman and Chief Executive Officer. Changes in the remuneration of the Chairman and Chief Executive Officer will be presented in the 2022 Universal Registration Document.

(3) On 4 May 2020, the Board of Directors decided, on an exceptional basis, to reduce by 25% (i) the gross fixed remuneration due to the Chairman of the Board of Directors for the second quarter of 2020, and (ii) the remuneration due to each director for their participation in meetings of the Board and, where applicable, of its Committees held during second-quarter 2020. The amounts corresponding to these reductions were paid to the ORPEA Foundation. In view of the improvement in the Covid-19 situation, such reductions were not applied for 2021. These movements explain the changes in the remuneration of the Chairman of the Board of Directors between 2019 and 2020 and 2020 and 2021, despite the fact that the remuneration policy for the Chairman of the Board of Directors has remained unchanged since 1 January 2018.

5.3.2 SUMMARY TABLE OF THE REMUNERATION AND BENEFITS IN KIND AWARDED TO EXECUTIVE CORPORATE OFFICERS FOR 2021

5.3.2.1 TABLE SUMMARISING THE REMUNERATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE OFFICER (TABLE 1 – AMF TEMPLATE)

	2020	2021
PHILIPPE CHARRIER, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL 30 JANUARY 2022 AND CHAIRMAN AND CHIEF EXECUTIVE OFFICER AFTER THAT DATE		
Remuneration awarded for the year (detailed in Table 2)	€281,263.66	€300,000.00
Valuation of multi-year bonus awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in Table 4)	-	-
Valuation of shares awarded free of consideration (detailed in Table 6)	-	-
Valuation of other long-term remuneration plans	-	-
TOTAL	**€281,263.66**	**€300,000.00**
YVES LE MASNE, CHIEF EXECUTIVE OFFICER UNTIL 30 JANUARY 2022		
Remuneration awarded for the year (detailed in Table 2)	€1,217,920.14	€1,367,213.15
Valuation of multi-year bonus awarded during the year	-	-
Valuation of stock options awarded during the year (detailed in Table 4)	-	-
Valuation of shares awarded free of consideration (detailed in Table 6)	€760,115.25	€760,160.98
Valuation of other long-term remuneration plans	-	-
TOTAL	**€1,978,035.39**	**€2,127,374.13**

5.3.2.2 TABLE SUMMARISING THE REMUNERATION OF EACH EXECUTIVE OFFICER (TABLE 2 – AMF TEMPLATE)

	2020		2021	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
PHILIPPE CHARRIER, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL 30 JANUARY 2022 AND CHAIRMAN AND CHIEF EXECUTIVE OFFICER AFTER THAT DATE				
Fixed remuneration	€243,750.00	€243,750.00	€260,000.00	€260,000.00
Annual bonus payment[1]	-	-	-	-
Multi-year bonus payment	-	-	-	-
Exceptional remuneration	-	-	-	-
Directors' remuneration[1]	€37,513.66	€40,000.00	€40,000.00	€37,513.66
Benefits in kind	-	-	-	-
TOTAL	**€281,263.66**	**€283,750.00**	**€300,000.00**	**€297,513.66**
YVES LE MASNE, CHIEF EXECUTIVE OFFICER UNTIL 30 JANUARY 2022				
Fixed remuneration	€712,500.00	€712,500.00	€760,000.00	€760,000.00
Annual bonus payment[1]	€464,360.00	€714,400.00	€563,666.67	€464,360.00
Multi-year bonus payment	-	-	-	-
Exceptional remuneration	-	-	-	-
Directors' remuneration[1]	€37,513.66	€40,000.00	€40,000.00	€37,513.66
Benefits in kind (company car)	€3,546.48	€3,546.48	€3,546.48	€3,546.48
TOTAL	**€1,217,920.14**	**€1,470,446.48**	**€1,367,213.15**	**€1,265,420.14**

(1) *The annual bonus and directors' remuneration are paid in the year after the year for which they are awarded.*

5.3.2.3 TABLE ON DIRECTORS' REMUNERATION AND OTHER REMUNERATION RECEIVED BY CORPORATE OFFICERS (TABLE 3 – AMF TEMPLATE)

	Remuneration for 2020		Remuneration for 2021	
Name (position)	**Amounts awarded[1]**	**Amounts paid[2]**	**Amounts awarded[3]**	**Amounts paid[1]**
PHILIPPE CHARRIER (DIRECTOR, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL 30 JANUARY 2022 AND CHAIRMAN AND CHIEF EXECUTIVE OFFICER AFTER THAT DATE)[4]				
Directors' remuneration	€37,513.66	€40,000.00	€40,000.00	€37,513.66
Other remuneration	€243,750.00 (remuneration for his duties as Chairman of the Board of Directors)[5]	€243,750.00 (remuneration for his duties as Chairman of the Board of Directors)[5]	€260,000.00	€260,000.00
YVES LE MASNE (DIRECTOR AND CHIEF EXECUTIVE OFFICER UNTIL 30 JANUARY 2022)[6]				
Directors' remuneration	€37,513.66	€40,000.00	€40,000.00	€37,513.66
Other remuneration	€1,180,406.48 (fixed remuneration, annual bonus payment and benefits in kind for his duties as Chief Executive Officer)[5]	€1,430,446.48 (fixed remuneration, annual bonus payment and benefits in kind for his duties as Chief Executive Officer)[5]	€1,327,213.15 (fixed remuneration, annual bonus payment and benefits in kind for his duties as Chief Executive Officer)	€1,227,906.48 (fixed remuneration, annual bonus payment and benefits in kind for his duties as Chief Executive Officer)
LAURE BAUME (DIRECTOR)				
Directors' remuneration	€44,263.66	€38,000.00	€40,000.00	€44,263.66
Other remuneration	-	-	-	-
CORINE DE BILBAO (DIRECTOR)[7]				
Directors' remuneration	€20,455.47	-	€73,000.00	€20,455.47
Other remuneration	-	-	-	-
XAVIER COIRBAY (DIRECTOR)[8]				
Directors' remuneration	€54,986.34	€49,000.00	None	€54,986.34
Other remuneration	-	-	-	-
BERNADETTE DANET-CHEVALLIER (DIRECTOR)				
Directors' remuneration	€57,156.25	€49,000.00	€52,000.00	€57,156.25
Other remuneration	-	-	-	-
JEAN-PATRICK FORTLACROIX (DIRECTOR)				
Directors' remuneration	€60,013.66	€58,000.00	€64,000.00	€60,013.66
Other remuneration	-	-	-	-
CHRISTIAN HENSLEY[9] (DIRECTOR)				
Directors' remuneration	-	€12,205.48	-	-
Other remuneration	-	-	-	-
MORITZ KRAUTKRÄMER[10] (DIRECTOR)				
Directors' remuneration	€37,513.66	€30,794.52	€52,000.00	€37,513.66
Other remuneration	-	-	-	-

	Remuneration for 2020		Remuneration for 2021	
Name (position)	**Amounts awarded[1]**	**Amounts paid[2]**	**Amounts awarded[3]**	**Amounts paid[1]**
BRIGITTE LANTZ[11] (DIRECTOR)				
Directors' remuneration	€19,016.39	€40,000.00	-	€19,016.39
Other remuneration	-	-	-	-
OLIVIER LECOMTE[12] (DIRECTOR)				
Directors' remuneration	€1,844.26	-	€52,000.00	€1,844.26
Other remuneration	-	-	-	-
PEUGEOT INVEST ASSETS[13], REPRESENTED BY THIERRY DE PONCHEVILLE (DIRECTOR)				
Directors' remuneration	€93,763.66	€67,000.00	€76,000.00	€93,763.66
Other remuneration	-	-	-	-
PASCALE RICHETTA[7] (DIRECTOR)				
Directors' remuneration	€20,455.47	-	€52,000.00	€20,455.47
Other remuneration	-	-	-	-
JOY VERLÉ (DIRECTOR)				
Directors' remuneration	€71,263.66	€55,000.00	€64,000.00	€71,263.66
Other remuneration	-	-	-	-
SOPHIE KALAIDJIAN (DIRECTOR REPRESENTING EMPLOYEES)				
Directors' remuneration	€25,875.00	€13,500.00	€18,000.00	€25,875.00
Other remuneration	Salary (employment contract)	Salary (employment contract)	Salary (employment contract)	Salary (employment contract)
LAURENT SERRIS[14] (DIRECTOR REPRESENTING EMPLOYEES)				
Directors' remuneration	-	-	€10,500.00	-
Other remuneration	Salary (employment contract)	Salary (employment contract)	Salary (employment contract)	Salary (employment contract)
TOTAL	**€581,634.80**	**€492,500.00**	**€633,500.00**	**€581,634.80**

(1) Directors' remuneration for 2020 was paid in 2021. The amounts stated include the effect of the exceptional 25% reduction in the remuneration due to each director for their participation in meetings of the Board of Directors and, where applicable, of the Board Committees held in the second quarter of 2020. This reduction did not, however, apply to the remuneration received by Brigitte Lantz. As a result of this reduction, €38,947.16 was paid to the ORPEA Foundation.
(2) Directors' remuneration for 2019 was paid in 2020.
(3) Directors' remuneration for 2021 will be paid in 2022.
(4) On 30 January 2022, the Board of Directors appointed Philippe Charrier as Chairman and Chief Executive Officer.
(5) Based on a proposal submitted by the Chairman of the Board of Directors and the Appointments and Remuneration Committee, on 4 May 2020, the Board of Directors decided, on an exceptional basis, to reduce by 25% the gross fixed remuneration to be paid to the Chairman of the Board of Directors for the second quarter of 2020. The amount corresponding to this reduction was paid to the ORPEA Foundation.
(6) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer. On 10 February 2022, Yves Le Masne resigned as Director.
(7) Director since 23 June 2020.
(8) Director until 16 November 2020.
(9) Director until 26 March 2019.
(10) Director since 26 March 2019.
(11) Director until 23 June 2020.
(12) Director since 16 November 2020.
(13) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(14) Director since 15 December 2020.

5.3.2.4 STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE COMPANY AND/OR ANY GROUP COMPANY (TABLE 4 – AMF TEMPLATE)

None.

5.3.2.5 STOCK OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE CORPORATE OFFICER (TABLE 5 – AMF TEMPLATE)

None.

5.3.2.6 PERFORMANCE SHARES AWARDED FREE OF CONSIDERATION TO EACH CORPORATE OFFICER (TABLE 6 – AMF TEMPLATE)

	Number of shares awarded during the year	Valuation of the shares according to the method used for the consolidated financial statements[1]	Vesting date	Availability date	Performance conditions
PLAN NO. 15 – 24 JUNE 2021[2]					
Yves Le Masne, Chief Executive Officer until 30 January 2022	13,271[2]	€760,160.98	24 June 2024	24 June 2024	• First performance condition (stock market – 45% of the shares awarded): Performance of ORPEA's share price with dividends included (total shareholder return – TSR) compared with the average performance of the MSCI Europe ex UK index (made up of over 300 companies in Europe outside the United Kingdom) and the CAC 40 index, including dividends paid, over the years 2021, 2022 and 2023 • Second performance condition (internal – 40% of the shares awarded): Growth in earnings per share • Third performance condition (ESG – 15% of the shares awarded): Five objectives of the 2023 CSR roadmap (certification of facilities by an external body, reduction in work-related accidents, internal promotions, signature by stakeholders of the Responsible Procurement Charter, new construction projects receiving HQE or equivalent certification)

(1) Valuation as measured in accordance with IFRS on the award date.
(2) As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 24 June 2021 cannot be met.

5.3.2.7 SHARES AWARDED FREE OF CONSIDERATION WHICH BECAME AVAILABLE DURING THE YEAR FOR EACH EXECUTIVE CORPORATE OFFICER (TABLE 7 – AMF TEMPLATE)

The performance shares awarded under Plan no. 6 became available in the year ended 31 December 2021.

However, as the applicable performance condition under Plan no. 6 was not met, on 24 June 2021 the Board of Directors placed on record that no shares would vest for either Jean-Claude Brdenk or Yves Le Masne under this plan.

5.3.2.8 HISTORY OF STOCK OPTION GRANTS (TABLE 8 – AMF TEMPLATE)

None.

5.3.2.9 STOCK OPTIONS AWARDED TO AND EXERCISED BY THE TEN EMPLOYEES (NON-CORPORATE OFFICERS) RECEIVING THE HIGHEST NUMBER OF OPTIONS (TABLE 9 – AMF TEMPLATE)

None.

5.3.2.10 TABLE SUMMARISING THE HISTORY OF PERFORMANCE SHARE AWARDS (TABLE 10 – AMF TEMPLATE)

As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 27 June 2019, 23 June 2020 and 24 June 2021 cannot be met. Therefore, the free shares awarded to Yves Le Masne on those dates have lapsed and will never vest.

Information about performance shares	Plan no. 1	Plan no. 3	Plan no. 6	Plan no. 9	Plan no. 12	Plan no. 15
Date of Annual General Meeting	6/11/2015	23/6/2016	28/6/2018	28/6/2018	23/6/2020	23/6/2020
Date of Board of Directors' meeting	10/2/2016	4/5/2017	28/6/2018	27/6/2019	23/6/2020	24/6/2021
Maximum total number of performance shares that may be awarded	82,250	29,514	44,701	45,279	28,374	13,271
o/w number of performance shares that may be awarded to Yves Le Masne, Chief Executive Officer (until 30 January 2022)	*13,000*	*15,625*	*24,266*	*24,580*	*15,403*	*13,271*
Vesting date of the shares	10/4/2017	4/5/2019	28/6/2021	27/6/2022	23/6/2023	24/6/2024
End date of lock-up period	10/4/2019	4/5/2021	28/6/2021	27/6/2022	23/6/2023	24/6/2024
Performance conditions	Revenue and EBITDA[1]	Total shareholder return (increase in share price + dividend)[2]	Total shareholder return (increase in share price + dividend)[3]	Total shareholder return (increase in share price + dividend)[4]	Total shareholder return (increase in share price + dividend), growth in earnings per share and employee satisfaction surveys[5]	Total shareholder return (increase in share price + dividend), growth in earnings per share and achievement of five objectives of the 2023 CSR roadmap[7]
Number of shares vested at the date of this report	82,250	29,514	0	N/A	N/A	N/A
Total number of shares cancelled or lapsed at the date of this report	0	0	44,701[8]	45,279[6][9]	24,050[6][10]	13,271[11]
Performance shares awarded but not yet vested at the date of this report	0	0	0	0	4,324	0

(1) The performance conditions of Plan no. 1 are set out in the 2017 Registration Document (page 249).
(2) The performance conditions of Plan no. 3 are set out in the 2016 Registration Document (page 77).
(3) The performance conditions of Plan no. 6 are set out in the 2017 Registration Document (page 156).
(4) The performance conditions of Plan no. 9 are set out in the 2018 Registration Document (page 182).
(5) The performance conditions of Plan no. 12 are set out in the 2020 Universal Registration Document (page 198).
(6) The shares that were cancelled or lapsed in respect of Plan no. 9 and 12 correspond to the performance shares that had been awarded to Jean-Claude Brdenk, Chief Operating Officer until 31 December 2020, on 27 June 2019 and 23 June 2020 respectively, which may no longer vest on account of the application of a pro rata method related to the end of his term of office, as explained in section 5.3.1 of the 2020 Universal Registration Document.
(7) The performance conditions of Plan no. 15 are set out in this Universal Registration Document (page 209).
(8) As the applicable stock market performance condition was not met, on 24 June 2021 the Board of Directors placed on record that no shares had vested for either Jean-Claude Brdenk (Chief Operating Officer until 31 December 2020) or Yves Le Masne (Chief Executive Officer until 30 January 2022) under this plan.
(9) As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 27 June 2019 cannot be met. Therefore, the 24,580 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.
As the applicable stock market performance condition was not met, on 28 April 2022 the Board of Directors placed on record that no shares had vested for Jean-Claude Brdenk under this plan.
(10) As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 23 June 2020 cannot be met. Therefore, the 15,403 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.
(11) As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 24 June 2021 cannot be met. Therefore, the 13,271 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.

5.3.2.11 SUMMARY TABLE OF EMPLOYMENT CONTRACTS OF EXECUTIVE CORPORATE OFFICERS, PAYMENTS AND/OR BENEFITS DUE OR LIKELY TO BE DUE AS A RESULT OF THE TERMINATION OF OR CHANGE IN THEIR DUTIES AND OTHER (TABLE 11 – AMF TEMPLATE)

	Employment contract		Supplementary pension scheme		Payments or benefits due or likely to be due as a result of termination of or change in duties		Payments under a non-compete clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Philippe Charrier Chairman of the Board of Directors until 30 January 2022 and Chairman and Chief Executive Officer after that date Date appointed: 28 March 2017 End date of term of office: 2023 AGM		x		x		x		x
Yves Le Masne Former Chief Executive Officer Date appointed: 15 February 2011 End date of term of office: 30 January 2022		x		x	x			x

5.3.3 CORPORATE OFFICERS' REMUNERATION POLICIES FOR FINANCIAL YEAR 2022, SUBJECT TO SHAREHOLDERS' PROSPECTIVE "SAY ON PAY" VOTE AT THE ANNUAL GENERAL MEETING ON 28 JULY 2022

In this report prepared in accordance with Article L. 22-10-8 of the French Commercial Code, the Board of Directors presents the remuneration policies of corporate officers for financial year 2022.

Shareholders at the Annual General Meeting scheduled for 28 July 2022 will be requested to approve said policies based on this report. For that purpose, five resolutions will be presented, respectively concerning the remuneration of:

- directors;
- Yves Le Masne, Chief Executive Officer until 30 January 2022;
- Philippe Charrier, Chairman and Chief Executive Officer from 30 January to 30 June 2022;
- the Chairman of the Board of Directors (position held by Philippe Charrier until 30 January 2022 and then as from 1 July 2022); and
- the Chief Executive Officer, following the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, which took effect on 1 July 2022 (from which date the position of Chief Executive Officer will be held by Laurent Guillot).

In accordance with the recommendations of the AFEP-MEDEF Code and of the Appointments and Remuneration Committee, the Board of Directors ensures that the remuneration policies for corporate officers comply with the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality, and also reflect market practices.

The Board of Directors is guided by the recommendations of the AFEP-MEDEF Code when determining the remuneration and benefits awarded to corporate officers.

5.3.3.1 SUMMARY OF THE REMUNERATION POLICIES OF CORPORATE OFFICERS FOR FINANCIAL YEAR 2022

The remuneration awarded to members of the Board of Directors takes into account their attendance record at meetings of the Board of Directors and the Board Committees and therefore includes an attendance-based variable component that has a higher weighting than the fixed component. The amount of directors' remuneration reflects the level of their responsibility and the time required to perform their duties.

The 2022 remuneration package of Yves Le Masne, Chief Executive Officer until 30 January 2022, consists solely of fixed remuneration in view of the date on which his term of office ended.

The 2022 remuneration package of Philippe Charrier, Chairman and Chief Executive Officer from 30 January to 30 June 2022, consists solely of fixed remuneration in view of the fact that he was appointed with the task of ensuring, under the supervision of the Board of Directors, that best practices are applied throughout the Group and of shedding light on the allegations made against it, based in particular on the independent review commissioned by the Board of Directors from Grant Thornton and Alvarez & Marsal.

The Chairman of the Board of Directors only receives fixed remuneration.

In connection with the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer – which will come back into force as from 1 July 2022 – the Board of Directors has adopted a remuneration policy for the Chief Executive Officer. This policy will apply to Laurent Guillot, who has been appointed Chief Executive Officer effective as from that date.

The remuneration system for the Chief Executive Officer can be described as follows:

It is balanced.	It strikes a balance between: • the short and long term, which guarantees that his interests are aligned with those of shareholders; • economic and financial performance, and the implementation of Quality and CSR policies.
It is capped.	Each component has its own cap: • the fixed component is reviewed at relatively long intervals; • the short-term bonus component is capped as a percentage of the fixed component and each indicator within this component corresponds to a capped bonus; • the long-term variable component is capped in terms of number of shares calculated based on a three-month rolling average at the award date.
It is principally subject to stringent performance conditions.	Future performances are assessed through a comparison with past performances and are therefore based on reality.
It is in the Company's best interests.	Its amount is reasonable given the size and complexity of the Group. The performance criteria selected by the Board of Directors ensure that it is in the Chief Executive Officer's interest to take into account not only short-term objectives but also objectives set for the medium and long term.
It contributes to the Company's longevity and is in line with its strategy.	The Group's core business is to care for people with physical or mental health conditions that impair their capacity to live independently. It provides accommodation through its nursing homes, assisted-living facilities, post-acute and rehabilitation hospitals, and psychiatric hospitals, as well as homecare. These activities can only thrive in a sustainable manner if the Group's geographic exposure is diversified and if it ensures that they are respectful of the stakeholders with whom they are carried out. The remuneration system reflects these requirements.
It factors in the remuneration and employment conditions of the Company's employees.	Like the Chief Executive Officer's remuneration, the remuneration structure of the Company's main executives comprises an annual fixed component, annual bonus payments, and a long-term incentive plan linked to the Company's share capital.

In accordance with the recommendations of the AFEP-MEDEF Code, the fixed remuneration of executive corporate officers is reviewed at relatively long intervals of time and in keeping with market practices for similar positions.

5.3.3.2 POLICY FOR HOLDING ORPEA SHARES

The Board of Directors' Internal Rules state that each director must own at least one Company share. Shares held by the directors, or by any persons linked to them, must be recorded in registered form: either as pure registered shares with the Company's agent, or as managed registered shares with an intermediary.

In addition, in accordance with Article L. 225-197-1 of the French Commercial Code, the Board of Directors decided that the former Chief Executive Officer, who received performance shares, was required to hold 25% of the shares that vested under those plans until the end of his term of office.

The Board of Directors decided that the new Chief Executive Officer – Laurent Guillot – who took up office on 1 July 2022 – will be required to hold, for the duration of his term of office, a number of shares that vest under the 2022 free share plan. This corresponds to 30% of his annual fixed remuneration for the year in which the shares vest, calculated on the basis of the listed price of the shares at the vesting date and rounded up to the nearest whole number of shares.

5.3.3.3 REMUNERATION POLICY OF THE DIRECTORS FOR FINANCIAL YEAR 2022

Remuneration principles

Directors' remuneration

Based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors has decided to recommend to shareholders at the Annual General Meeting scheduled for 28 July 2022 that (i) the aggregate amount of directors' remuneration should be kept at €650,000, and (ii) the method for allocating individual directors' remuneration out of this total should be as follows:

- for attendance at Board meetings (for directors who do not represent employees), they will receive a lump-sum amount not exceeding €40,000, which consists of a fixed sum of €15,000 and a variable portion of €25,000 from which €2,500 will be deducted if the director's attendance rate is below 85% (previously €2,500 was deducted per meeting missed, starting from the second meeting missed). This amendment is aimed at taking into account the higher number of Board meetings and the greater involvement of directors (who very often have other roles and responsibilities) as a result of the crisis following the publication of a book containing allegations of wrongdoing within the Group;
- for attendance at meetings of the Board Committees (for directors who do not represent employees), they will receive a fixed sum of €3,000 per meeting, or double this amount for the Committee chairs;
- directors representing employees will receive a sum of €1,500 per meeting of the Board of Directors and, where applicable, the Board Committees.

The Board of Directors has also decided that if the application of the aforementioned rules would lead to the annual aggregate amount of €650,000 being exceeded, the amount received by each director for their participation in meetings of the Board of Directors and any Board Committees would be reduced accordingly so that the aggregate amount is not exceeded.

Finally, the Board of Directors has decided that if the shareholders at the Annual General Meeting scheduled for 28 July 2022 appoint the new Chief Executive Officer, Laurent Guillot, as Director, he will not be eligible for any directors' remuneration.

Other remuneration

Based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors has decided to reserve the right to pay exceptional remuneration to directors for 2022 in the event that they are tasked with specific assignments related to the crisis faced by the Group and its stakeholders since the publication of a book containing allegations of wrongdoing. The award of such remuneration would constitute agreements between the Company and its directors, which, pursuant to Article L. 225-46 of the French Commercial Code, would be subject to the procedure applicable for regulated related-party agreements. The directors concerned would not be able to take part in the Board's discussions or votes on any exceptional remuneration granted to them.

5.3.3.4 REMUNERATION POLICY OF YVES LE MASNE, CHIEF EXECUTIVE OFFICER UNTIL 30 JANUARY 2022, FOR FINANCIAL YEAR 2022

The Board of Directors set the financial terms and conditions for the termination of Yves Le Masne's duties as Chief Executive Officer, effective 30 January 2022. Given the timing of Yves Le Masne's departure, it was decided that he would not receive any short-term bonus payment or performance share grants for 2022.

Based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to set the annual fixed remuneration of Yves Le Masne, Chief Executive Officer until 30 January 2022, at €760,000 for the year ending 31 December 2022 (unchanged for the fifth consecutive year) and that it will be paid to him on a pro rata basis.

In addition, Yves le Masne was eligible for the following benefits until 30 January 2022:

- the use of a company car;
- membership of group personal protection and healthcare cost reimbursement plans in force within the Company, subject to the same conditions as those applicable to the employee category in which he was included for the purposes of those plans.

Yves Le Masne will also receive directors' remuneration, calculated as set out above (see the section entitled "Remuneration policy of the directors for financial year 2022").

In his capacity as Chief Executive Officer until 30 January 2022, Yves Le Masne was covered by an unemployment insurance policy, with the corresponding premiums paid by the Company and its subsidiaries until 30 January 2022.

In view of the crisis facing the Group and its stakeholders since the publication of a book containing allegations of wrongdoing, the Board decided not to renew the severance payment system for which Yves Le Masne had been eligible since 2011.

In his capacity as Chief Executive Officer until 30 January 2022, Yves Le Masne was not awarded any annual bonus payment, exceptional remuneration, any other form of remuneration (such as stock options or performance shares), or any benefits in kind.

5.3.3.5 REMUNERATION POLICY OF PHILIPPE CHARRIER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER FROM 30 JANUARY TO 30 JUNE 2022, FOR FINANCIAL YEAR 2022

Annual fixed remuneration

Based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to set the annual fixed remuneration of Philippe Charrier, Chairman and Chief Executive Officer from 30 January to 30 June 2022, at €760,000 for the year ending 31 December 2022, and that it will be paid to him on a pro rata basis. This annual fixed remuneration is unchanged from the amount received for 2021 by Yves Le Masne, Chief Executive Officer of the Company until 30 January 2022.

Annual bonus payment and other remuneration

Philippe Charrier, Chairman and Chief Executive Officer from 30 January to 30 June 2022, does not receive any annual or long-term bonus payments (including any stock options or performance shares). In principle, he does not receive any other remuneration or benefits in kind.

Exceptional remuneration

The Board of Directors may however decide, based on a proposal submitted by the Appointments and Remuneration Committee, to award him exceptional remuneration if there are highly specific circumstances that justify such remuneration. Any such exceptional remuneration:

- would be paid in shares, and may not represent more than 100% of Philippe Charrier's pro rata annual fixed remuneration;
- must be motivated by very specific circumstances, with the components of the exceptional remuneration and the reasons for its award publicly disclosed when it is set, even in the event of staggered or deferred payment.

Pursuant to Article L. 22-10-34 of the French Commercial Code, the payment of this exceptional remuneration would be subject to shareholder approval.

Directors' remuneration

The Chairman and Chief Executive Officer also receives directors' remuneration, which is calculated as set out above (see the section entitled "Remuneration policy of the directors for financial year 2022").

5.3.3.6 REMUNERATION POLICY OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2022

Fixed remuneration

Based on a proposal submitted by the Appointments and Remuneration Committee, and in order to reflect Philippe Charrier's experience and the duties entrusted to him (as presented in section 5.1.2 above), the Board of Directors has decided to keep his gross annual fixed remuneration as Chairman of the Board of Directors at €260,000 for 2022 (for the fifth consecutive year).

This remuneration applies to Philippe Charrier for his duties as Chairman of the Board of Directors until 30 January 2022 inclusive, and will apply again as from 1 July 2022, when the roles of Chairman and Chief Executive Officer are once again separated.

Directors' remuneration

As Chairman of the Board of Directors, Philippe Charrier, receives directors' remuneration, which is calculated as set out above (see the section entitled "Remuneration policy of the directors for financial year 2022").

Annual bonus payment and other remuneration

The Chairman of the Board of Directors does not receive any annual or exceptional bonus payments. He does not receive any other remuneration (notably stock options or performance shares) or any benefits in kind.

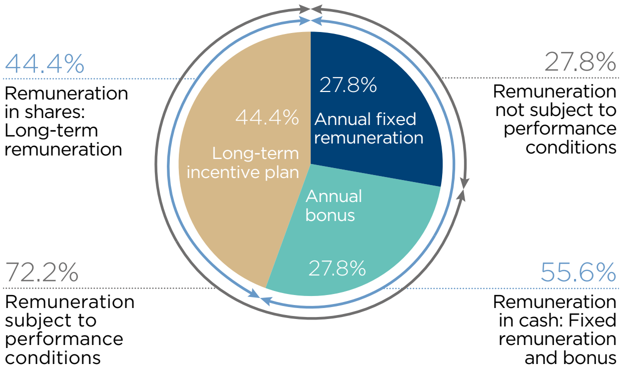
5.3.3.7 REMUNERATION POLICY OF THE CHIEF EXECUTIVE OFFICER FOR FINANCIAL YEAR 2022

Principles

The Board of Directors has appointed Laurent Guillot as ORPEA's Chief Executive Officer with effect from 1 July 2022. Accordingly, based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors has set the 2022 remuneration policy for the Chief Executive Officer as described below, which will apply as from 1 July 2022. The components of the Chief Executive Officer's remuneration were determined with the assistance of a remuneration expert, taking into account the Group's best interests, the recommendations of the AFEP-MEDEF Code and market practices.

Under this new remuneration policy, the Chief Executive Officer's remuneration package would comprise the following components:

- an annual fixed remuneration component accounting for 27.8%;
- an annual bonus payment accounting for 27.8% (objectives 100% attained); and
- a long-term incentive plan linked to the Company's share capital accounting for 44.4% (objectives 100% attained).



Based on this proposal, the remuneration package awarded to the Chief Executive Officer Laurent Guillot for the year ending 31 December 2022 is as follows:

- annual fixed remuneration: €760,000 (calculated on a pro rata basis);
- annual bonus payment: a maximum bonus of 100% of his annual fixed remuneration on a pro rata basis if the attainment level of the applicable objectives is 100% or higher, with no guaranteed floor or additional remuneration in the event of outperformance;
- a long-term incentive plan covering a period of three years, in the form of a performance share plan, with the value of the shares awarded capped at 160% of his gross annual fixed remuneration at the award date (calculated on a pro rata basis).

In addition, in his capacity as Chief Executive Officer, Laurent Guillot will be eligible for the following benefits in kind:

- the use of a company car;
- membership of group personal protection and healthcare cost reimbursement plans in force within the Company, subject to the same conditions as those applicable to the employee category in which he will be included for the purposes of those plans.

If the Chief Executive Officer, Laurent Guillot, is appointed as Director at the Annual General Meeting scheduled for 28 July 2022, he will not be eligible for any directors' remuneration.

Lastly, in his capacity as Chief Executive Officer, Laurent Guillot will be entitled to a severance package.

The annual bonus payment and any exceptional remuneration awarded for the year ending 31 December 2022 to the Chief Executive Officer may only be paid after their approval by shareholders at the Annual General Meeting due to be held in 2023, as provided for in Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code.

Criteria

Fixed remuneration

In view of Laurent Guillot's skills and experience, as well as his previous remuneration level and the practices of comparable companies (particularly companies in the SBF 120 index), his gross annual fixed remuneration has been set at €760,000, payable in twelve monthly instalments. For 2022, this remuneration will be paid on a pro rata basis.

The amount of the Chief Executive Officer's annual fixed remuneration will be reviewed at relatively long intervals in accordance with the recommendations of the AFEP-MEDEF Code.

Annual bonus payment

Laurent Guillot's annual bonus payment for 2022 in his capacity as Chief Executive Officer will represent 100% of his fixed annual remuneration on a pro rata basis if the attainment level of the applicable objectives is 100% or higher, with no guaranteed floor or additional remuneration in the event of outperformance.

The annual bonus payment is comprised of the following components:

- a component linked to the attainment of quantifiable CSR objectives, representing a target proportion of 40% of the total annual bonus payment;
- a component linked to the attainment of qualitative strategic objectives, representing a target proportion of 30% of the total annual bonus payment; and
- a component linked to the attainment of quantifiable financial objectives, representing a target proportion of 30% of the total annual bonus payment.

The performance conditions underlying the Chief Executive Officer's 2022 annual variable remuneration are therefore based on quantifiable and qualitative criteria, with the quantifiable criteria carrying a greater weighting as recommended in the AFEP-MEDEF Code.

The fact that the quantifiable and strategic CSR objectives have a greater weighting than the financial objectives is due to the Company's particular situation following the publication, in January 2022, of a book containing allegations of wrongdoing, as well as to the challenges the Company is going to have to face in the coming years in view of the business sector it operates in.

The table below shows the performance objectives underlying the Chief Executive Officer's 2022 annual bonus payment (calculated on a pro rata basis). The objectives have been precisely defined but are not publicly disclosed for confidentiality reasons (they will be publicly disclosed when their attainment level is assessed). In view of the crisis faced by the Group and its stakeholders since late January 2022, the Board of Directors has reserved the right to amend these objectives or assess their attainment level taking into consideration the impact of the crisis and the Group's strategic improvement and transformation plan.

	Target/maximum bonus	
	Target *(%)*	**Target** *(in euros)*
QUANTIFIABLE CSR OBJECTIVES (40% OF THE TOTAL BONUS PAYMENT)		
The CSR objectives form part of the criteria related to improving the quality of care and well-being of residents and patients, which make up the majority of the performance criteria underlying the payment of Laurent Guillot's annual remuneration for 2022.		
Systematic early reporting or direct reporting of material adverse events	10%	€38,000.00
Handling of calls received on the helpline	10%	€38,000.00
Creation of the role of an external mediator in each of the Group's main countries of operation	10%	€38,000.00
Implementation of an action plan for nursing homes with a satisfaction rate of less than 7/10	10%	€38,000.00
Total quantifiable CSR objectives	**40.00%**	**€152,000.00**
QUALITATIVE STRATEGIC OBJECTIVES (30% OF THE TOTAL BONUS PAYMENT)		
The objective of putting in place a strategic improvement and transformation plan also falls within the scope of the criteria related to improving the quality of the care and well-being of residents and patients, which make up the majority of the performance criteria underlying the payment of Laurent Guillot's annual remuneration for 2022.		
Component 1: a component related to the New ORPEA strategic plan (including setting the timetable and each different stage until the Company is transformed into a mission-led company (*société à mission*))	10.00%	€38,000
Component 2: a financial component (including the Group's financing plan)	10.00%	€38,000
Component 3: an operational component focused on improving the care of residents in the Group's three business lines, as well as reorganising the Company and overhauling its processes	10.00%	€38,000
Total qualitative strategic objectives	**30.00%**	**€114,000**
QUANTIFIABLE FINANCIAL OBJECTIVES (30% OF THE TOTAL BONUS PAYMENT)		
Organic revenue growth in the second half of 2022	10.00%	€38,000
Level of EBITDAR	10.00%	€38,000
Real estate disposals by 31 December 2022	10.00%	€38,000
Total quantifiable financial objectives	**30.00%**	**€114,000**
TOTAL BONUS	**100.00%**	**€380,000**

The amount of the Chief Executive Officer's annual bonus payment for 2022 will be set by the Board of Directors based on the attainment of the above performance conditions.

In accordance with Article L. 22-10-34 of the French Commercial Code, the payment of this bonus will be subject to the approval of the Annual General Meeting.

Long-term remuneration

The Board of Directors may grant the Chief Executive Officer a long-term incentive plan covering a period of three years, in the form of a performance share plan, with the value of the shares awarded capped at 160% of his gross annual fixed remuneration at the award date (calculated on a pro rata basis), it being specific that the corresponding number of shares will be determined based on the rolling three-month average as of 27 July 2022, rounded down to the nearest whole number.

The features of this performance share plan are as follows:

- Vesting period: from 28 July 2022 to 28 July 2025;
- Vesting date of the shares: 28 July 2025;
- A service condition, which will be lifted by the Board of Directors if Laurent Guillot is required to leave the Company (a "forced departure") before 31 December 2022 due to a disagreement between himself and the Board about one or more of the key components of ORPEA's improvement and transformation plan;
- Performance conditions, it being specified that these conditions have been precisely defined but are not publicly disclosed for confidentiality reasons (they will be publicly disclosed when their attainment level is assessed):
  - First performance condition (stock market – 40% of the vested shares):
    - the performance of ORPEA's share price with dividends included (TSR, total shareholder return) compared with the performance of the SBF 120 index including dividends paid in 2022, 2023 and 2024,
    - 100% of the awarded shares will vest if ORPEA's TSR exceeds the average performance of the SBF 120 by at least 80 percentage points,
    - none of the awarded shares will vest if ORPEA's TSR is 20 points lower than the performance of the SBF 120 index,
    - between 20 and 80 points, between 25% and 60% of the awarded shares will vest if ORPEA's TSR performance is between 20 and 50 points higher than the performance of the SBF 120 index,
    - between the applicable boundaries, the number of awarded shares that vest will be calculated proportionately on a straight-line basis, reference periods: average of ORPEA's share price performance over the period from 1 February 2025 to 27 July 2025, plus the dividend paid in 2022, 2023 and 2024, compared with the same average over the period from 1 February to 27 July 2022. These reference periods will also be used to calculate the average performance of the SBF 120, including dividends paid (TSR), over the years 2022, 2023 and 2024.
  - Second performance condition (internal – 20% of the vested shares):
    - growth in earnings per share (excluding non-recurring items),
    - it being specified that this objective has been precisely defined but is not publicly disclosed for confidentiality reasons (it will be publicly disclosed when its attainment level is assessed);
  - Third performance condition (CSR – 40% of the vested shares):
    - decrease in the frequency rate of work-related accidents with lost time, percentage of facilities certified by an external body, percentage of facilities/countries that have set up a system of enhanced dialogue with residents'/patients' families, decrease in staff turnover, percentage of significant and regular suppliers that have signed the Responsible Procurement Charter and percentage of new construction projects with HQE (or equivalent) certification,
    - if three of these objectives are achieved, 10% of the awarded shares will vest,
    - if all of the objectives are achieved, 40% of the awarded shares will vest,
    - if between three and six of the objectives are achieved, the number of awarded shares that will vest will be calculated proportionately on a straight-line basis;
- Requirement to hold, for the duration of his term of office, a number of shares corresponding to 30% of his annual fixed remuneration for the year in which the shares vest, calculated on the basis of the listed price of the shares at the vesting date and rounded up to the nearest whole number of shares;
- Signature of a letter by the beneficiary undertaking not to hedge the risks relating to performance shares until the end of the lock-up period for the shares, as stipulated by the Board of Directors, in addition to the commitment stated in the plan rules.

The periods during which the shares may not be sold are specified in the plan rules.

Severance payment

As from 31 December 2023, in the event of a forced departure, irrespective of how his duties as Chief Executive Officer are terminated, Laurent Guillot will be entitled to a severance payment capped at twice the gross annual remuneration (fixed remuneration and annual bonus) effectively paid to him during the twelve months preceding the date on which his duties as Chief Executive Officer are terminated. Any termination for serious misconduct or gross negligence will not constitute a forced departure.

No severance payment will be due to the Chief Executive Officer if:

- he leaves ORPEA on his own initiative (i.e., not a forced departure) or if he changes roles within the Group;
- he is eligible for retirement;
- his term of office is ended because he has reached the age limit for serving as Chief Executive Officer.

The payment of the above amount would be subject to conditions based on Laurent Guillot's performance, assessed in terms of the Company's performance and placed on record by the Board of Directors. Laurent Guillot's entitlement to his severance payment and the amount actually paid would therefore depend on the attainment level of the performance criteria set for the Chief Executive Officer's annual bonus payment, as follows:

- the Chief Executive Officer will be entitled to the maximum severance payment if his average annual bonus payment received in the two years preceding his year of departure was equal to or greater than 85% of the annual bonus payment target;
- if the average annual bonus payment received for the previous two years is between 70% and 85% of his annual bonus payment target, the severance payment will be reduced proportionately, and no severance payment will be due if this average is below 70% of the target.

As an exception to the above, in the event of the Chief Executive Officer's forced departure prior to 31 December 2023, irrespective of how his duties are terminated, the following terms and conditions will apply:

- If the departure takes place in 2022, the amount of his severance payment will equal six months' total gross remuneration (fixed remuneration and target annual bonus payment), subject to performance conditions related to:
  (i) ORPEA's results, and
  (ii) Laurent Guillot's managerial performance, which would be assessed solely based on the task entrusted to him to present to the Board of Directors a plan for improving and transforming the Group, and his departure would be classified as a forced departure if he is required to leave the Group due to a disagreement between himself and the Board about one or more key components of this plan;
- If the departure takes place in 2023, the maximum amount of the Chief Executive Officer's severance payment will equal one year's total gross remuneration (fixed remuneration and annual bonus) if the departure date is before 30 June 2023, and eighteen months' total gross remuneration (fixed remuneration and annual bonus) if the departure date is between 1 July and 31 December 2023. The amount of the severance payment would be calculated based on the attainment level of the performance criteria applicable to the Chief Executive Officer's annual bonus payment for 2022, as follows:
  - attainment level less than 70%: no severance payment due,
  - attainment level between 70% and 85%: severance payment representing between 70% and 85% of the maximum amount, calculated on a straight-line basis by reference to the attainment level,
  - attainment level of 85% or above: maximum amount of the severance payment due.

Directors' remuneration

If Laurent Guillot is appointed as Director, he will not be eligible for any directors' remuneration.

Other benefits

Laurent Guillot will be eligible for the following benefits in kind: (i) the use of a company car, and (ii) membership of group personal protection and healthcare cost reimbursement plans in force within the Company, subject to the same conditions as those applicable to the employee category in which he will be included for the purposes of those plans.

In accordance with the recommendations of the AFEP-MEDEF Code, the Chief Executive Officer will not have an employment contract.

He will not receive any other remuneration, notably exceptional remuneration, apart from that described above. In particular, he will not receive any sign-on bonus for taking on the role of ORPEA's Chief Executive Officer.

Information about the remuneration received by Laurent Guillot for duties carried out between 2 May and 30 June 2022

Laurent Guillot has been acting as an adviser to the Chairman and Chief Executive Officer since 2 May 2022 and will continue to perform this role until he takes up his position as Chief Executive Officer. For this advisory role he receives total gross remuneration of €750,000 paid on a pro rata basis.

5.4 Specific instructions for shareholders to participate at Annual General Meetings

Pursuant to Article L. 22-10-10-5 of the French Commercial Code, the specific instructions for shareholders to participate in Annual General Meetings are included in Articles 24 to 28 of the Company's Articles of Association.

5.5 Agreements entered into between a corporate officer and a subsidiary

Pursuant to Articles L. 225-37-4 and L. 225-38 of the French Commercial Code, and Article 22 of the Company's Articles of Association, the agreements entered into, directly or through a third party, between one of the corporate officers or one of the shareholders holding more than 5% of the Company's voting rights, and a company in which the Company owns, directly or indirectly, more than half of the share capital, other than arm's length agreements concerning the ordinary course of business, are included in Appendix 4 of this report.

Agreement	Status	Date of authorisation by the Board of Directors	Purpose	Impact during 2021
Unemployment insurance for Yves Le Masne	Ended since 30 January 2022	29 June 2006	Unemployment insurance for the former Chief Executive Officer, with the corresponding premiums paid by ORPEA	€32,764.82
Investment Agreement with CPPIB	In progress	11 December 2013	Setting forth the principal arrangements of CPPIB's investment	None
Supplementary clause to the Investment Agreement with CPPIB	In progress	11 December 2014	Right to obtain the Company's assistance in connection with any major disposals of shares	None
Agreement on investment arrangements with Peugeot Invest Assets*	In progress	11 December 2014	Right to participate in any future capital increase Right to obtain the Company's assistance in connection with any major disposals of shares	None
Exceptional remuneration awarded to Olivier Lecomte	In progress	15 February 2022	Exceptional remuneration of €9,000 per month paid to Olivier Lecomte throughout the duration of his assignment as Chair of the ad hoc Steering and Monitoring Committee formed to oversee the independent review carried out by Grant Thornton and Alvarez & Marsal	None

* *On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.*

5.6 Factors liable to have an impact in the event of a public offer

Pursuant to Article L. 22-10-11 of the French Commercial Code, ORPEA makes the following disclosures concerning factors that could impact a public offer:

- the ownership structure is presented in Chapter 8 of this Universal Registration Document;
- direct and indirect shareholdings of which the Company is aware are presented in Chapter 6 of this Universal Registration Document;
- the Articles of Association do not stipulate any restrictions with regard to the exercise of voting rights, apart from the disqualification of voting rights where the statutory requirements on notifiable interests are not met;
- there are no restrictions in the Articles of Association on transfers of shares, to the Company's knowledge;
- there are no agreements between the shareholders, to the Company's knowledge;
- there are no securities conferring special control rights, apart from shares with double voting rights;
- the applicable rules for appointing and removing directors are those set out by law;
- the Chief Executive Officer, Laurent Guillot, whose term of office commences on 1 July 2022, will receive compensation in the event that his duties as an executive corporate officer are terminated;
- certain bonds issued contain an early redemption clause at the holders' option in the event of a change in control of the Company (change of majority voting rights or more than 40% of voting rights if no other shareholder holds a higher percentage). In total, the amount of debt covered by these clauses at 31 December 2021 and shown in the consolidated financial statements as at that date was €7,465 million;
- the Board of Directors may implement the Company's share buyback programme during a takeover bid for its shares.

5.7 Appendices

5.7.1 APPENDIX 1: INTERNAL RULES OF THE BOARD OF DIRECTORS

The Internal Rules were adopted by the Board of Directors on 27 November 2013.

They were last amended by the Board of Directors on 26 January 2021.

5.7.1.1 PREAMBLE

The purpose of these Rules is to supplement the statutory and regulatory rules and the rules contained in the Memorandum and Articles of Association with a view to stating the modus operandi of the Board and potentially of its Board Committees, in the interests of ORPEA (the **"Company"**) and its Shareholders.

The Company's Board of Directors adheres to the principles for the governance of businesses as presented by the AFEP-MEDEF Code.

These Rules are applicable to all current or future Directors. Acceptance of the office of Director gives rise to an obligation to comply with these Rules.

1. RIGHTS AND OBLIGATIONS OF THE DIRECTORS

Each member of the Board must be familiar with:

- the Company's Memorandum and Articles of Association, the recommendations in the AFEP-MEDEF Code, and these Rules;
- the statutory and regulatory provisions governing French public limited companies (*sociétés anonymes*) with a Board of Directors, in particular: the rules limiting multiple directorships, those relating to agreements and transactions entered into between Directors and the Company;
- and the rules on holding and using privileged information, set out in more detail below.

The Directors are required to act, in all circumstances, in the interests of the Company and of all its Shareholders.

The Directors have an obligation to inform the Board of any situation of conflict of interest or potential conflict of interest, in which they could be involved directly or indirectly. They abstain from attending the debates and from participating in the voting on the corresponding deliberations.

Each Director shall devote the necessary time and attention to his/her duties.

He/she shall limit his/her number of directorships to ensure that he/she is available.

He/she shall inform the Secretary of the Board of Directors of any new directorship.

Each Member of the Board agrees to be assiduous in:

- attending, even by video-conferencing or telecommunication methods where applicable, all Board meetings, except in the event of a major impediment;
- attending all General Meetings of Shareholders so far as possible;
- attending meetings of the Board Committees of which he/she is a member.

The Directors agree not to express their views individually except in the course of the Board's internal deliberations on issues raised at Board meetings.

Outside the Company, only one collegiate view can be expressed, notably in the form of press releases intended to inform the markets.

In relation to non-public information acquired in the course of his/her duties, each Director must consider him/herself to be bound by true professional secrecy which exceeds the simple confidentiality obligation prescribed by Article L. 225-37 paragraph 5 of the Commercial Code.

Generally, the entire files from meetings of the Board of Directors, together with the information collected during or outside the meetings of the Board, are confidential without exception, irrespective of whether the information collected was presented as confidential by the Chairman.

Each Director shall take all necessary measures to preserve such confidentiality.

Each Director must own at least one Company share.

Shares held by each Director, his/her spouse, his/her dependant child who is a minor or by any other intermediary person, must be recorded in registered form: either as pure registered shares with the Company's agent, or as managed registered shares with an intermediary whose details shall be disclosed to the Secretary of the Board of Directors.

Stock market ethics

Principles

Inside information shall only be used by the Directors in the course of performing their duties. Such information shall not in any circumstances be disclosed to any third party outside the scope of exercise of the office of the Directors, and for purposes or for an activity other than those for which it is held.

All Directors have a duty to refrain from carrying out, arranging to have carried out or allowing another party to carry out operations on Company securities on the basis of this information for as long as this information is not made public.

It is the personal responsibility of each of the Directors to assess the privileged nature of any information he/she holds and, consequently, to decide whether he/she is authorised to make any use or transmission of information or is prohibited from doing so, and to carry out any operations on Company securities or have such operations carried out.

Additionally, the Directors shall refrain from carrying out speculative operations on Company securities and are therefore prohibited from carrying out any short selling or deferred operations on any financial instruments relating to securities issued by the Company.

Closed periods

During the period preceding publication of any privileged information of which they are aware, the members of the Board of Directors, in their capacity as holders of insider information, shall, in accordance with the law, refrain from carrying out any operations on the Company's securities.

Additionally, they are prohibited, in accordance with the AMF recommendations, from carrying out any operations on the securities during the following periods:

- a minimum of thirty calendar days prior to the date of the press release on the annual and interim results, and on the date of said press release;
- a minimum of fifteen calendar days prior to the date of the quarterly press release, and on the date of said press release.

The same rule shall apply if applicable to disclosure of the forecast annual and half-year results.

Insider dealing

Each Director confirms that he/she has been informed of the provisions in force on holding privileged information and on insider dealing, laid down in particular in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (provisions relating to privileged information and to transactions and insider lists).

It should be noted in particular that, in accordance with the applicable regulations, the Directors and the persons closely connected to them are required to declare to the French Financial Markets Authority (*Autorité des Marchés Financiers* - AMF) the purchases, sales, subscriptions or exchanges of Company shares, together with the transactions carried out on connected instruments, where the cumulative value of these operations exceeds €20,000 for the calendar year under way.

Directors and persons closely connected with them shall send their declaration to the AMF, electronically via an extranet known as ONDE accessible on the AMF website, or to the following address: onde.amf-france.org., within a period of three working days after the date of the transaction.

When the AMF is notified, the parties making the declaration shall send the Secretary of the Company's Board of Directors a copy of the notification.

Declarations are then posted online by the AMF on its website and are included in an annual summary statement in the Company's Universal Registration Document.

2. DUTIES AND POWERS OF THE BOARD OF DIRECTORS

The Board is a collegiate authority which collectively represents all Shareholders and has an obligation to act in the Company's best interests in all circumstances.

The Board of Directors shall determine the Company's business strategy and see to its implementation.

It may decide to set up Committees responsible for considering the issues referred to it, for comment and examination, by it or its Chairman.

The Directors of the Company:

- shall share their skills and professional experience;
- have a duty of care and shall exercise their complete freedom of judgement.

This freedom of judgement allows them to take part, entirely independently, in the decisions or work of the Board and, where applicable, of its Board Committees.

The terms of office are spread over time in order to avoid the renewal of too many directorships at the same time and to aid an harmonious renewal of directorships.

In addition, the Board ensures that the Executive Management implements a policy of non-discrimination and diversity, particularly with regard to the balanced representation of women and men in management bodies.

The Board of Directors shall choose how to exercise the Company's Executive Management. At its meeting on 30 June 2011, it opted to dissociate the roles of Chairman and Chief Executive Officer.

The Board of Directors shall elect, from amongst its members, a Chairman who is a natural person.

The Chairman of the Board of Directors represents the Board of Directors. He/she shall organise and manage its work, and report on its work to the General Meeting. He/she shall ensure that the Company's governing bodies are operating smoothly and shall check, in particular, that the directors are able to fulfil their duties.

He/she may request disclosure of any document or information which may assist the Board of Directors in the course of preparing for its meetings.

The Chairman of the Board of Directors shall use his/her best endeavours to promote the Company's values and image in all circumstances. He/she shall make representations in his/her official capacity.

He/she shall have the material resources required to carry out his/her duties.

The Board shall also choose the person required to perform the office of secretary, who may be chosen from outside the Board members. The Secretary shall draw up the minutes of meetings of the Board and ensure that they are distributed. He/she is authorised to certify copies or extracts of such minutes as true copies.

Due to the current composition of the Company's share capital, the proportion of independent directors which the Board must include is at least fifty percent. The definition of independent member adopted for the Board is the definition given by in the AFEP-MEDEF Code: a member is independent where he/she entertains no relations of any nature whatsoever with the Company, its group or management which could compromise the exercise of his/her freedom of judgement.

With this in mind, the criteria which may lead the Board to classify a member as independent are as follows:

- not being an employee or corporate officer of the Company, an employee or director of the parent company or one of its consolidated companies, now or during the last five years;
- not being a corporate officer of a company in which the Company holds a directorship directly or indirectly or in which an employee designated as such or a corporate officer of the Company (currently or having been since less than five years) holds a directorship;
- not being a client, supplier, investment banker, corporate banker, advisor:
  - who is significant to the Company or its Group;
  - or for whom the Company or its Group represents a significant share of its activity;
- not having close family connections with a corporate officer;
- not having been the auditor of the business during the last five years;
- not having been a director of the business for over 12 years.

The Chief Executive Officer is conferred with the full extent of authority to act on the Company's behalf in all circumstances. He/she shall exercise these powers within the scope of the Company's purpose and subject to the powers expressly attributed by law to Meetings of Shareholders and to the Board of Directors. He/she shall represent the Company vis-à-vis third parties.

Nevertheless, for all of the following operations, the Chief Executive Officer must obtain the prior authorisation of the Board of Directors:

- any investment/purchase of any non-property asset in a country where the Group already has a presence and relating to an existing Group activity (already developed by a Business Unit of the Group), for a unit amount per operation strictly exceeding twenty-five million euros (€25m);
- any divestment/sale of any non-property asset for a unit amount exceeding five million euros (€5m);
- any investment/purchase of any property asset, in a country where the Group already has a presence, for a unit amount per operation strictly exceeding fifty million euros (€50m);
- any divestment/purchase of any property asset, in a country where the Group already has a presence, for a unit amount per operation strictly exceeding fifty million euros (€50m);
- any investment/acquisition by the Group in a country in which it was previously not established or in a new business segment (no Group business units yet active in it);
- any borrowing or financing for a unit amount exceeding one hundred and fifty million euros (€150m), or variation to any existing borrowing or financing for an amount exceeding one hundred and fifty million euros (€150m), subject to the proviso that the financing operations for any amount shall not result in dilution unless they have been expressly authorised by the Board of Directors (the Chief Executive Officer being required to inform the Board of Directors at its next meeting in relation to any borrowing or financing exceeding seventy-five million euros (€75m));
- the creation of any surety, endorsement or guarantee for a unit amount exceeding one hundred and fifty million euros (€150m) (the Chief Executive Officer being required to notify the Board of Directors at its next meeting where the amount exceeds –seventy-five million euros (€75m));
- any decision concerning the strategic direction of a Group company or any material change in this positioning or the business activities of a company;
- the approval and amendment of the annual budget or business plan established by ORPEA or the Group;
- any share capital transaction (including, but not restricted to mergers, demergers, partial asset contributions, increases or reductions in capital, issuance of any negotiable securities carrying rights to the Company's share capital, or the creation of new classes of shares);
- the policy for dividend pay-outs or any other form of distribution by the Company to its shareholders;
- the remuneration of the Company's corporate officers;
- any plan or award of stock options, free shares, incentive payments or profit-sharing.

3. OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

The Board of Directors shall meet as often as is required in the Company's interests, when a meeting is called by its Chairman.

Notices calling meetings may take any form (letter, fax, electronic mail) and may even be verbal. They may be sent by the Secretary of the Board. Except in specific circumstances, they shall be despatched in writing at least eight (8) days prior to each meeting, enclosing the agenda and the minutes of the last Board Meeting. The notice shall state the place of the meeting which may be the registered office or any other location.

Where circumstances so require, the Chairman may ask the Board for its position by calling a meeting exceptionally within twenty-four (24) hours.

The dates of Board Meetings for the following year shall be set no later than 31 December of the previous year, except in the case of extraordinary meetings.

So far as possible, the documents required to inform Directors regarding the agenda and all issues referred to the Board for consideration shall be attached to the notice calling the meeting or shall be sent to them within a reasonable period, prior to the meeting.

In relation to the decisions to be taken, each Director must ensure that he/she has the information he/she considers essential to the smooth progress of the work of the Board and of the Committees. If such information is not made available to him/her, or if he/she believes that it has not been made available, he/she shall request it. His/her requests shall be sent to the Chairman of the Board of Directors who shall ensure that the directors are able to fulfil their duties.

The Chief Executive Officer shall, at each meeting, give an update on the significant transactions completed since the previous meeting and on the principal projects under way and which are likely to be completed prior to the next Meeting. The Board shall carry out a review each year relating to the essential points in the management report, and regarding the deliberations put before the General Meeting of Shareholders. Moreover, the Board of Directors shall be informed at least once a half-year, by General Management, of the financial situation, the cash flow situation and the Company's liabilities.

Between meetings, the Directors shall receive all relevant information concerning the Company if required due to the importance or urgency of such information.

The Board of Directors may entrust to one or more of its members, or to third parties, exceptional tasks or mandates relating in particular to the examination of one or more specific issues.

In order for the Board of Directors to validly deliberate, the number of members present must be equal to at least half of the total members.

Directors may be represented by another director holding a written form of proxy.

The Chairman of the Board may invite any person external to the Board of Directors to participate in all or part of its meetings, without taking part in the deliberations.

Decisions are taken by a majority of the members present or represented. In the event of a tied vote, the Chairman will have a casting vote.

In accordance with the legal and regulatory provisions and with the Articles of Association, Directors who take part in Board meetings via video-conferencing or telecommunication methods shall be deemed to be present for the purpose of calculating quorum and majority.

Nevertheless, these methods of participation are not permitted when the Board is required to deliberate on the following matters:

- drawing up the Company's financial statements and consolidated financial statements;
- drawing up the management report including the report on management of the Group.

The technical features of the video-conferencing methods must allow for the discussions to be broadcast continuously.

The deliberations of the Board must be clear. The meeting minutes must contain a summary of the discussions and indicate the decisions taken. The minutes are particularly important because, where required, they constitute a record of the steps taken by the Board in carrying out its duties. Without being needlessly detailed, they must succinctly set out the issues raised or the reservations expressed.

The minutes of Board Meetings shall be drawn up after each meeting and sent to all members of the Board, who are invited to submit their comments. Any comments shall be discussed at the next Board Meeting. The final wording of the minutes of the previous meeting shall then be submitted to the next Board for approval.

4. BOARD COMMITTEES

When the Board of Directors sets up Board Committees, it shall determine their membership and powers.

Such Committees shall act within the scope of the delegation granted to them by the Board and shall therefore have no decision-making powers.

The members of the Committees shall be chosen from amongst the members of the Board. They shall be appointed by the Board upon the proposal of the Appointments and Remuneration Committee. Their term of office shall coincide with their term of office as Director, the Board being entitled at any time to change the membership of the Committees and consequently terminate the term of office of a Committee member.

The Board may assign to its Chairman, or to one or more of its members, any exceptional task or mandate to carry out specific research or prospective work.

The agent shall report on such work to the Committee in question to enable it to deliberate and report on it, in turn, to the Board of Directors.

The Board Committees may, in carrying out their duties, make contact with the key executives of the Company after having notified the Chairman of the Board of Directors and on condition that they report to the Board.

The Committees shall not in any circumstances replace the powers of Executive Management or of the Board of Directors.

4.1 Audit Committee

4.1.1 Duties

The Audit Committee deals with issues arising from the preparation and auditing of financial and accounting information. Its role is to make the requisite preparations for decisions by the Board of Directors on financial and accounting matters.

Without prejudice to the powers of the Board of Directors and of Executive Management, this Committee is responsible in particular for monitoring:

a) the process of preparing financial information;

b) the assessment of risks, in particular social and environmental risks in connection with the CSR and Innovation Committee as well as levels of risk and procedures to mitigate against risk, and significant off-balance sheet liabilities;

c) the efficiency of the internal control, internal audit and risk management systems;

d) statutory auditing of the annual financial statements and, where relevant, of the consolidated financial statements by the Statutory Auditors, and where applicable considering H3C observations;

e) that the rules for rotation of firms and principal signing partners are implemented in accordance with the statutory provisions, notably by managing the selection process for the Statutory Auditors of the Company's financial statements and referring the outcome of the selection process to the Board.

This monitoring enables the Committee to issue recommendations, if necessary, in relation to improvement of existing processes, and potentially in relation to the implementation of new processes.

The Audit Committee may be consulted on any issue relating to the procedures for control of unusual risks, notably when the Board or Executive Management considers that it would be appropriate to refer such issues to it.

4.1.2 Organisation of work

The Audit Committee is composed of at least three (3) members, who shall be non-executive Directors of the Company.

It shall be chaired by an Independent Director and there must be a proportion of two-thirds Independent Directors.

The Audit Committee can validly deliberate only if at least half of its members attend the meeting.

The members must have specific expertise in finance or accounting matters.

The Chair of the Audit Committee shall plan its work each year on the basis of his/her assessment of the importance of various types of risk incurred, in agreement with Executive Management and the Board.

The Committee shall meet when a meeting is called by its Chair, whenever the Chairman or the Board deems it necessary and at least three (3) times a year.

The agenda for meetings is drawn up by the Chair of the Committee, in conjunction with the Board of Directors when the Board has called the meeting. It shall be sent to the members of the Committee prior to their meeting with the information relevant to their discussions.

The Secretary of the Board shall act as Secretary of the Committee.

In order to fulfil its duties, the Audit Committee shall, if it considers it relevant, hear the Statutory Auditors and executives of the Company, who are responsible in particular for drawing up financial statements and for the internal control, in the absence of Executive Management.

It shall consider the principles and methods, the programme and objectives and the general conclusions from the operational audit work carried out by Internal Audit.

The Statutory Auditors shall refer to the Audit Committee:

a) the general programme of work they have implemented and the various surveys they have carried out;

b) the changes which they believe should be made to the financial statements due to be signed off or any other accounting documents, making all relevant observations on the valuation methods used in drawing them up;

c) any irregularities and inaccuracies they may have identified;

d) the conclusions to be drawn from the aforementioned observations and corrections in relation to the results for the period, compared to those for the previous period.

The Statutory Auditors shall also assess with the Audit Committee the risks affecting their independence and the protective measures taken to mitigate such risks.

They shall draw the Committee's attention to any significant weaknesses in internal control, regarding the procedures relating to the production and processing of accounting and financial information and shall provide it each year with the documents required by law.

The Committee may also, in agreement with Executive Management, seek information from any persons likely to be able to provide it with clarification in the performance of its duties, notably executives responsible for economics or finance matters and those dealing with the processing of information, and request external technical studies.

4.1.3 Activity report

The Audit Committee shall report regularly to the Board of Directors on the exercise of its duties and obtain its comments.

The Committee shall inform the Board promptly of any difficulty encountered.

The Audit Committee shall provide in its report the opinions it considers relevant:

- on the suitability of the various procedures and of the overall arrangements for achieving their objective of information and risk management;
- on the effective application of the procedures in place and, where applicable, on the resources implemented to achieve this.

It shall also formulate any recommendations and proposals with a view to improving the efficiency of the various procedures and of the overall arrangements or adapting them to a new situation.

If, in the course of its work, the Committee identifies a significant risk which it does not consider to have been treated adequately, it shall notify the Chairman of the Board.

4.2 Appointments and Remuneration Committee

4.2.1 Duties

The main duties of the Appointments and Remuneration Committee, within the scope of the work of the Board of Directors, are:

- to make proposals to the Board on governance issues, in particular:
  - to inform the Board's decision on the procedures for exercising Executive Management and on the status of the executive corporate officers;
  - to make proposals to the Board in relation to the selection of Directors and to discuss their status as Independent Directors;
  - to make proposals to the Board on the creation and membership of the Committees;
  - to regularly evaluate the structure, size and membership of the Board of Directors and to submit to it recommendations in relation to any changes;
  - to discuss Directors' status as Independent Directors which is reviewed each year by the Board of Directors;
  - to issue an opinion on the proposals of the Chairman of the Board of Directors for appointment of the Chief Executive Officer and, where applicable, of the Chief Executive Officer for the appointment of the Chief Operating Officer;
  - to organise the annual assessment of the Board, if necessary with the participation of an external advisor.
- to produce a succession plan for the executive corporate officers applicable in particular in the event of an unforeseeable vacancy and to ensure that the succession plan for those who might join the Executive Committee or occupy other key functions is coherent and up to date;
- to draw up the proposals relating in particular to:
  - the fixed and variable remuneration of the Chairman of the Board and to any other benefits received;
  - the fixed and variable remuneration of the Chief Executive Officer and, where applicable, of the Chief Operating Officer and to any other benefits received (pension, severance payments, etc.);
  - the amount of the remuneration allocated to the Directors to be submitted to the General Meeting and the method of distribution;
  - the implementation of long-term incentive schemes, including for example those providing for the distribution of stock options or free shares to corporate officers.
- ensuring that the Corporate Governance Code adopted by the Company is being applied;
- preparing the decisions of the Board in relation to updates to its Internal Rules.

The Appointments and Remuneration Committee will be regularly informed during the recruitment processes of the candidates who might join the Executive Committee or occupy other key functions.

4.2.2 Organisation of work

The Appointments and Remuneration Committee shall be composed of at least (3) three members, who shall be non-executive Directors of the Company.

It shall be chaired by an Independent Director and primarily composed of Independent Directors.

One of the Directors representing the employees shall be a member of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee can validly deliberate only if at least half of its members attend the meeting.

The Committee shall meet when a meeting is called by its Chair whenever the Chair or the Board deems it necessary and at least three (3) times a year, prior to approval of the agenda for the Annual General Meeting, to consider the proposed resolutions submitted to it and which fall within its field of expertise.

The agenda for meetings is drawn up by the Chair of the Committee, in conjunction with the Board of Directors when the Board has called the meeting. It shall be sent to the members of the Committee prior to their meeting with the information relevant to their discussions.

The Chairman of the Board shall join in with this work except in relation to any issues in which he/she is personally involved.

The Secretary of the Board shall act as Secretary of the Committee.

The Committee may also, in agreement with Executive Management, request external technical studies.

4.2.3 Activity report

The Committee shall regularly report to the Board on its work and make proposals to it.

4.3 CSR and Innovation Committee

4.3.1 Duties

As CSR and Innovation are at the heart of ORPEA's business model, the CSR and Innovation Committee's main missions, within the framework of the work of the Board of Directors, are to:

- examine the Group's strategy and commitments in terms of Corporate Social, Societal and Environmental Responsibility and Innovation with regard to the challenges specific to its activity and objectives and to make proposals to the Board in this respect;
- monitor the actions implemented by the Group in terms of Corporate Social, Societal and Environmental Responsibility and Innovation and to evaluate the main results. In this respect, it monitors in particular issues related to the safety, quality of life and care of the people living in its facilities, the health, safety and well-being of employees, the Group's environmental footprint, societal challenges, the implementation of innovative solutions and the actions of the ORPEA Foundation;
- review the main social and environmental risks in coordination with the Audit Committee, and the impact of social and environmental issues in terms of investment, economic performance, and reputation;
- contribute to defining the non-financial performance criteria taken into account when setting the bonus and long-term remuneration of the Chief Executive Officer, in coordination with the Appointments and Remuneration Committee;
- give its opinion on the manner in which the Company implements a policy of non-discrimination and diversity, particularly with regard to the balanced representation of women and men in the management bodies;
- examine the annual and interim Quality reports;
- monitor the preparation of the Non-Financial Statement and, in general, any information required by the CSR legislation in force;
- conduct an annual review of a summary of the non-financial ratings carried out on the Group.

4.3.2 Organisation of work

The CSR Committee shall be composed of at least three (3) members, who shall be non-executive Directors of the Company.

The Committee can validly deliberate only if at least half of its members attend the meeting.

The Committee shall meet when a meeting is called by its Chair, whenever the Chairman or the Board deems it necessary and at least three (3) times a year.

The agenda for meetings is drawn up by the Chair of the Committee, in conjunction with the Board of Directors when the Board has called the meeting. It shall be sent to the members of the Committee prior to their meeting with the information relevant to their discussions.

The Chairman of the Board shall join in with this work.

The Secretary of the Board shall act as Secretary of the Committee.

The Committee may also, in agreement with Executive Management, request external technical studies.

4.3.3 Activity report

The Committee shall regularly report to the Board on its work and make proposals to it.

5. DIRECTORS' REMUNERATION

The Directors receive remuneration, the amount of which is voted by the Ordinary General Meeting and the split of which is decided by the Board, upon the proposal of the Appointments and Remuneration Committee. This distribution shall take into consideration the duties exercised by the Directors on the Board and on the Committees, and their actual involvement.

The Board of Directors may allocate exceptional remuneration for special duties or mandates assigned to Directors.

6. ANNUAL ASSESSMENT OF THE BOARD'S OPERATING PROCEDURES

The Board shall periodically carry out an assessment of its membership, organisation and operation and that of its Committees. An update shall be provided to the Board on this matter once a year, and a formal assessment shall be carried out, under the authority of the Chairman of the Board of Directors, every three (3) years. The Board shall, where applicable, implement any steps to improve its operating procedures.

The Board shall inform the Shareholders in this regard in the Universal Registration Document.

5.7.2 APPENDIX 2: "COMPLY OR EXPLAIN" TABLE

Topic	AFEP-MEDEF recommendation	Explanation
Executive sessions	Article 11.3. It is recommended that at least one meeting be held each year without the executive corporate officers in attendance	Given (i) the panel and the number of topics to be addressed by the Board in 2021 and (ii) the Covid-19 pandemic, the Board did not convene any executive sessions in 2021.

5.7.3 APPENDIX 3: ADDITIONAL INFORMATION ABOUT CORPORATE OFFICERS[1]

Number of shares held:
1,000 shares

International experience:
Africa, Asia, Europe, Middle East, North America, South America

Industry experience:
Distribution, Construction Materials, Pharmaceuticals, Retail, Healthcare

Functional skills:
Executive Management, Finance, Governance, Marketing, Medical Services

PHILIPPE CHARRIER

Chairman and Chief Executive Officer

Date of birth: 2 August 1954 – Nationality: French

Philippe Charrier, a graduate of the HEC Paris business school with a DECS accounting degree, is an executive with many years of experience in international healthcare and consumer product groups.

From July 2019 to the end of January 2022, Philippe Charrier was Chief Executive Officer of the Mayoly Spindler group, an international specialist in gastroenterology and dermocosmetic drugs/food supplements, and was previously Executive Chairman of the Ponroy Santé group, an international specialist in natural consumer health and beauty products. Before that, he was Chief Executive Officer of Labco from 2011 to 2015, then Executive Chairman until 2016. From 2006 to 2010, he was Chief Excecutive Officer of Oenobiol, a European specialist in health and beauty food supplements. Prior to that, he was Chief Executive Officer of Procter & Gamble France for seven years. He was also Chairman of the Supervisory Board of Spotless until 2010, a director of Lafarge until 2016 and of Médipôle until 2017. He is currently a director of Rallye.

In addition, he is the founder and Chairman of Clubhouse France, a not-for-profit organisation helping vulnerable people with mental health conditions to forge stronger social ties and find employment.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Chairman and Chief Executive Officer of ORPEA

Offices and positions held in non-Group companies

- Chairman and Chief Executive Officer: Alphident (unlisted French company)
- Director: Rallye (listed French company)

Philippe Charrier complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Chairman of the Board of Directors: Labco
- Director: Lafarge, Médipôle
- Chief Executive Officer: LabCo, Mayoly Spindler
- Permanent representative of Alphident, Chairman: Ponroy Santé

Number of shares held:
928 shares

International experience:
Africa, Europe, United States

Industry experience:
Airports, Food Processing, Hospitality, Spirits, Tourism

Functional skills:
Communication, Digital, Marketing, CSR, Executive Management

LAURE BAUME

Director

Date of birth: 10 September 1975 – Nationality: French

A graduate of HEC Paris, Laure Baume has been Chairman and Chief Executive Officer of Moët-Hennessy Diageo France since 1 November 2021. She was previously Chief Consumer Officer at the Moët Hennesy group from May 2018 to October 2021.

Executive Vice President and Chief Customer Officer of the ADP Group between 2014 and 2018, she was also concurrently a member of the Board of Directors of joint ventures Société de Distribution Aéroportuaire, Relay@adp and EPIGO, and a member of the Média Aéroports de Paris Board of Directors.

Prior to that, from 2006 Laure Baume was Club Méditerranée's Chief Marketing Officer for France and Chief Executive Officer for Switzerland, andsubsequently Chief Executive Officer of the EMEA Markets Business Unit.

Laure Baume's career began with US group Kraft Foods (since renamed Mondelez), where she held a variety of positions, including Product Manager, Category Manager and Brand Manager in Paris and New York.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chair of MHD Moët Hennessy Diageo SAS

Laure Baume complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Director: Media Aéroports de Paris, Epigo, SDA, Relay Aéroports de Paris

Number of shares held:
40 shares

International experience:
Africa, Asia, Europe, North America, South America

Industry experience:
Energy, Oil and Gas, Electricity Generation and Distribution, Engineering, Healthcare

Functional skills:
Procurement, Sales, Development, Digital, Executive Management, CSR

CORINE DE BILBAO

Director

Date of birth: 16 October 1966 – Nationality: French

Corine de Bilbao is a graduate of Institut d'Études Politiques (IEP) de Bordeaux with an MBA in Purchasing Management. She has been President of Microsoft France since July 2021, in which capacity she supports various French companies and businesses in their digital transformation.

Corine de Bilbao started her career at the General Electric Group in 1989, in the medical imaging division. She spent 28 years at General Electric where she held various international management positions in the healthcare and energy sectors. She was Vice President of Sales for the Subsea Oil & Gas division, responsible for the global development of its operations, particularly in Africa and Latin America.

More recently, from 2016 to 2019, Corine de Bilbao was Chair of GE France and managed the integration of Alstom's energy business after its acquisition by GE in 2015. She also contributed to GE's digital transformation by setting up a European software centre in Paris.

From 2019 to 2021, she headed the international division of Segula Technologies, an engineering company with 13,000 employees and operations in 30 countries. In this role, she was in charge of the company's international expansion, and also headed its research and innovation department.

Corine de Bilbao has nearly 30 years of industrial sector experience, including more than 20 years in the energy, oil and gas, electricity generation and distribution sectors. This experience has given her an overview of the industry and its challenges in many different market environments.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- President: Microsoft France
- Director: Vallourec (listed French company)

Corine de Bilbao complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Chair: General Electric (GE) International France
- Chair: General Electric (GE) Industrial France
- Chief Executive Officer: Segula Technologies International
- Director: Geast (GE-Alstom nuclear JV)
- Member of the Supervisory Board: Segula Technologies, Vallourec
- Vice-Chair: AmCham (American Chamber of Commerce in France)

Number of shares held:
246 shares

International experience:
Asia, Europe, United States

Industry experience:
Cruises, Hospitality, Tourism

Functional skills:
Sales, Management, Marketing, Human Resources, Executive Management

BERNADETTE DANET-CHEVALLIER

Director

Date of birth: 5 December 1958 – Nationality: French

Bernadette Danet-Chevallier is a graduate of ESSEC who has spent most of her career in the tourism and hotel industries. She held a number of management positions in finance, sales and marketing at Club Méditerranée, before joining the Accor group and later being appointed to an executive management role in independent hospitality.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chair: Établissements Peugeot Frères (unlisted French company), Ivauban (unlisted French company)

Bernadette Danet-Chevallier complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

None.

Number of shares held:
247 shares

International experience:
None

Industry experience:
Real Estate, Healthcare

Functional skills:
Finance

JEAN-PATRICK FORTLACROIX

Director

Date of birth: 14 September 1957 – Nationality: French

A qualified chartered accountant with a postgraduate DESS degree in banking and finance, and a master's degree in accounting and finance.

As a chartered accountant and statutory auditor, Jean-Patrick Fortlacroix possesses genuine expertise in real estate, taxation and consolidation, particularly in the healthcare and nursing home sectors.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chairman of Add Equation (unlisted French company)
- Manager of Cadeco (unlisted French company)

Jean-Patrick Fortlacroix complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

None.

Number of shares held:
1 share

International experience:
Europe, North America

Industry experience:
Investment Companies, Insurance, Hospitality, Healthcare, Business Services

Functional skills:
Development, Finance, Governance

MORITZ KRAUTKRÄMER

Director

Date of birth: 26 February 1981 – Nationality: German

Moritz Krautkrämer joined Canada Pension Plan Investment Board (CPPIB) in 2010 as Managing Director of Relationship Investments, making strategic minority investments in listed and soon-to-be listed companies. He has overseen investments in the healthcare, business services, insurance and education sectors. His career began as an M&A and corporate financing advisor in the Communication, Media and Technology Investment Banking Group at Scotiabank in Toronto.

He is a graduate of the University of British Columbia where he was a Fellow of the UBC Portfolio Management Foundation.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

None.

Moritz Krautkrämer complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

None.

Number of shares held:
230 shares

International experience:
Europe

Industry experience:
Real Estate, Healthcare

Functional skills:
Development, Digital, Executive Management, Finance, Governance, Real Estate

OLIVIER LECOMTE

Director

Date of birth: 7 August 1965 – Nationality: French

Olivier Lecomte graduated from École Centrale Paris. He started his career as an Investment Banker in London and Paris, at Société Générale and at Demachy, Worms & Cie. He then joined the Unibail group, where he held a number of positions between 1994 and 2002, as Director of Development, Chairman of Espace Expansion, then Deputy Chief Executive Officer of the Group in charge of the Shopping Centres and Conventions-Exhibitions divisions. From 2010 to 2014, he chaired the Paris region innovation lab (Paris Lab). He also served as a director on the Board of the Paris & Co association. He is the co-founder of a biotechnology start-up (Theravectys, a spin-off of the Pasteur Institute), director of Ingénieurs de l'École Centrale des Arts et Manufactures, member of the Monitoring Commission and Serious Adverse Events Unit of the Robert-Debré University Hospital, and a member of the steering committee of the Integrated Cancer Research Site (SIRIC) at the Gustave-Roussy Institute and of the steering committee of the AP-HP/Instituts Mines Télécom "Bloc Opératoire Augmenté (BOpA)" chair. Since 2003, he has also been a lecturer at École Centrale Paris.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Director: Carmila SA (a French listed company), Ingénieurs de l'École Centrale des Arts et Manufactures (unlisted French company)

Olivier Lecomte complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Director: Carmila SAS

PEUGEOT INVEST ASSETS[1], WITH THIERRY MABILLE DE PONCHEVILLE AS ITS PERMANENT REPRESENTATIVE

Director

Number of shares held:
3,261,353 shares

Peugeot Invest Assets is well known for its selective approach to investing and for the long-term support it provides to companies that are leaders in their industry and boast attractive growth prospects.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Member of the Supervisory Board: Immobilière Dassault, IDI Emerging Markets (Luxembourg)
- Director: SEB, LISI, Lapilus II, SPIE
- Non-voting advisor: Total Eren
- Manager: FFP-Les Grésillons
- Member of the Executive Committee: LDAP

Offices that expired in the past five years

- Director: LT Participations, Ipsos, ANEF, Gran Via 2008
- Member of the Supervisory Board: ONET, Zodiac Aérospace
- Chairman and member of the Supervisory Board: Financière Guiraud
- Vice-Chairman and member of the Supervisory Board: IDI

THIERRY MABILLE DE PONCHEVILLE

Director

Number of shares held:
165 shares

International experience:
Europe, United States

Industry experience:
Automotive, Household Appliances, Real Estate, Healthcare, Investment Companies, Transport

Functional skills:
Governance, Legal, CSR, Executive Management

Date of birth: 6 October 1955 – Nationality: French

Thierry Mabille de Poncheville, permanent representative of Peugeot Invest Assets on ORPEA's Board of Directors, holds a postgraduate degree (DEA) in private international law (University of Bordeaux) and a master's degree in international affairs (Pittsburgh University).

He is currently Chief Executive Officer of Établissements Peugeot Frères, the Peugeot family group's holding company.

He brings the wealth of experience he has gained during his career in France and abroad, as well as his in-depth knowledge of governance rules.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Permanent representative of Peugeot Invest Assets on the Board of Directors of ORPEA

Offices and positions held in non-Group companies

- Director: SICAV ARMÈNE 2 (unlisted French company)
- Chief Executive Officer: Établissements Peugeot Frères (unlisted French company), and Peugeot Frères Entrepreneuriat (unlisted French company)
- Chief Operating Officer: Groupe PSP (unlisted French company)

Thierry Mabille de Poncheville complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Director: SICAV MO Select, Groupe PSP, SICAV Armène, Silver Autonomie
- Chief Operating Officer: Établissements Peugeot
- Chief Executive Officer: Peugeot Frères Industrie
- Manager: Société Civile du Bannot

[1] On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Number of shares held:
10 shares

International experience:
Asia, Australia, Europe, North America, South America

Industry experience:
Pharmaceuticals, Healthcare

Functional skills:
Sales, Management, Medical Services

PASCALE RICHETTA

Director

Date of birth: 12 March 1959 – Nationality: French

A Doctor of Medicine, Pascale Richetta served between February 2016 and April 2020 as Executive Vice President in charge of the Bone Patient Value Unit of UCB, a company dedicated to bone diseases, in particular osteoporosis, and served on its Executive Committee.

Previously, from January 2013 to January 2016, she served as Vice President, Western Europe and Canada for AbbVie, and held several other management positions at Abbott, GSK, Ipsen and Servier, working to launch the flagship medications of these companies across several international markets.

Pascale Richetta has more than 20 years of commercial and management experience in the pharmaceutical and biotechnology industry, having worked on innovative pharmaceutical products, including complex biological products.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chair: Atlantic Art Studio (unlisted French company)

Pascale Richetta complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Director: CAPIO

Number of shares held:
1 share

International experience:
Europe, Latin America, United Kingdom

Industry experience:
Education, Renewable Energy, Healthcare, Business Services

Functional skills:
Development, Finance, Governance

JOY VERLÉ

Director

Date of birth: 23 May 1979 – Nationality: French-British

Joy Verlé joined Canada Pension Plan Investment Board (CPPIB) in 2016 as Managing Director in Relationship Investments, making strategic minority investments in listed and soon-to-be listed companies.

After graduating from the HEC Paris business school in 2003, she initially worked in M&A and capital markets activities for Morgan Stanley. In 2006, she moved to the Bregal Capital fund where she led private equity transactions in the education, renewable energy and healthcare sectors as Partner. She has also held directorships in three companies active in the education and renewable energy sectors.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Member of the Supervisory Board: ELIS (listed French company)
- Director: Galileo Global Education TCo 1 (unlisted French company)

Joy Verlé complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

None

SOPHIE KALAIDJIAN

Director representing employees

Date of birth: 8 December 1977 – Nationality: French

Number of shares held:
20 shares

International experience:
None

Industry experience:
Healthcare

Functional skills:
Legal

As an elected representative of the Works Council of the ORPEA Economic and Social Unit (which became the ORPEA Social and Economic Committee on 6 June 2019), Sophie Kalaidjian has attended meetings of the Board of Directors since January 2015 (and is entitled to vote). Since 20 November 2018, she has been a member of the Appointments and Remuneration Committee.

A lawyer by training, Sophie Kalaidjian has been a Group employee for nearly 16 years. She is currently the Head of Legal Affairs at CLINEA, in which capacity she is involved in developing the Group's hospitals and monitoring their compliance with the applicable health legislation. The Board's discussions are enhanced by her complementary insights, underpinned by her knowledge of the Group.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director representing employees of ORPEA

Offices and positions held in non-Group companies

None

Sophie Kalaidjian complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

None

LAURENT SERRIS

Director representing employees

Date of birth: 22 February 1970 – Nationality: French

Number of shares held:
None

International experience:
Asia, Europe, South America

Industry experience:
Industry, Healthcare

Functional skills:
Quality, Management

As a representative appointed by the Social and Economic Committee of the ORPEA Economic and Social Unit, Laurent Serris has attended meetings of the Board of Directors since 15 December 2020 (and is entitled to vote).

A quality specialist by training, Laurent Serris has been a Group employee for nearly 16 years, holding various quality-related positions. He currently works as Head of Corporate Quality at ORPEA and, in this regard, he coordinates the Group's Quality policy and supports the Quality departments of the Clusters in implementing this policy. The Board's discussions are enhanced by his complementary insights, underpinned by his knowledge of the Group.

CURRENT TERMS OF OFFICE

Offices and positions held in Group companies

- Director representing employees of ORPEA

Offices and positions held in non-Group companies

None

Laurent Serris complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

None

(1) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer. On 10 February 2022, Yves Le Masne resigned as Director.
At 31 December 2021, Yves Le Masne held mandates in the following companies:
Chief Executive Officer: ORPEA, CLINEA
Chairman of the Supervisory Board: ORPEA Polska (Poland), Senecura Kliniken (Czech Republic)
Chairman of the Board of Directors: ORPEA Belgium (Belgium), ORPEA Ibérica (Spain), Union Sanyres (Spain), Sanyres Sur (Spain), Reyes de Aragón (Spain), Residencia Ciutat Diagonal Esplugues (Spain), Centros Residenciales Estremera (Spain), Centro de Mayores Care Extremadura Dos 2002 (Spain), Atirual Inmobiliaria (Spain), Dinmorpea (Spain), Explotación de Residencia del Real Sitio de San Fernando (Spain), Artevida Centros Residenciales (Spain), Residencial Senior 2000 (Spain), Instituto de Investigaciónes Neuropsiquiátricas Doctor López-Ibor (Spain), ORPEA LópezIbor Salud Mental (Spain) and Accomodore Assistencial (Spain), Ecoplar (Spain), Gesecoplar (Spain), Ecoplar Serranillos (Spain), Ecoplar Granada (Spain), Ecoplar Cantabria (Spain), ORPEA Latam (Spain), Hospital Nossa Senhora da Arrabida (Portugal), Porto Salus Azeltao-Residentias Assistidas (Portugal), AGMR-Saude (Portugal), ORPEA Singapore (Singapore), SIS Exploit Mexico SA de C.V. (Mexico), Orpea Colombia Exploit SAS (Colombia)
Director: Senecura (Czech Republic), ORPEA Portugal Immo (Portugal), Niorpea (Portugal), Immorpea (Portugal), Senior Baltic (Latvia)
Chairman: La Saharienne, Résidence Saint Luc, Clinique de Champvert, Société de Champvert, Maja, Immobilière Leau Bonneveine, SFI France, Douce France Santé, Hôtel de l'Espérance, La Chavannerie, Le Clos Saint-Grégoire, Maison de Santé Marigny, Clinique Gallieni, Archimède le Village, Clinique du Vieux Château d'Oc, TCP DEV, Âge Partenaires, AP Brétigny, L'Oasis Palmeraie, Bon Air, Résidence l'Ambarroise, Alice Anatole & Cie, Actiretraite Montgeron, Familisanté, Association Maisons de Retraite de la Picardie, Le Clos Saint-Louis, Launaguet, Les Rives de Cabessut, Les Jardins de Jouvence, Les Grandes Platières Passy, Les Vad'oisiens, Les Terrasses des Lilas, ORPEA Assomption, Résidence Gambetta, Résidence des Bûchers, ORPEA Vilgenis, Grande Rue de Garches, Les Hauts de Crosne, Clinique du Valois Émeraude Participations, Résidences Services, Les Hauts de Suresnes, ORPEA Verdun St Mihiel, ORPEA Affieux, Les Jardins de Villeneuve, ORPEA St Fiacre
Chief Executive Officer: CLINEA
Permanent representative of ORPEA, Director: SA Immobilière de Santé
Manager: Les Matines, Sté des Maisons de Repos et de Convalescence Bel Air, SARL 95, SARL 96, La Maison de Louise, La Maison de Lucile, La Maison de Mathis, La Bretagne, Domea, Vivrea, ORPEA Dev, SPI, Amarmau, SARL 97, L'Allochon, L'Ombrière, Sogimob, France Doyenne de Santé, Regina Renouveau, Marc Aurèle Immobilier, DFS Immobilier, Clinique du Château de Loos, SARL Ancienne Abbaye, Parassy, Le Village de Boissise-le-Roi, Les Jardins d'Escudié, Margaux Pony, Than.Co, De la Maison Rose, Brechet, SNC des Parrans, Les Acanthes, Route des Écluses, Les Rives d'Or, du Château, La Talaudière, ORPEA de Saint-Priest, Balbigny, ORPEA Saint-Just, ORPEA Decaux, La Tour Pujols, Les Rives de la Cerisaie, Val de Seine, Le Clisclouet, Âge d'Or, Gambetta, Croix-Rousse, Les Dornets, Château d'Angleterre, Montchenot, 115 Rue de la Santé, L'Abbaye, Les Tamaris, 3 Passage Victor-Marchand, Fauriel, Port Thureau, ORPEA de l'Abbaye, Rue des Maraîchers, Le Bosguerard, Le Vallon, Bel Air, Brest le Lys Blanc, Les Magnolias, Courbevoie de l'Arche, Sainte-Brigitte, Les Treilles, Les Favières, IBO, SCI du 12 Rue Fauvet, Douarnenez ORPEA, Kods, Slim, Saintes BA, Le Barbaras, La Sélika, JEM2, Château de la Chardonnière, SCI des Ânes, ORPEA de l'Île, La Salvate, SCI de la Drone, SCI du Caroux, Héliades Santé, Cardiopierre, Super Aix Paul Cézanne, SCI Les Chesnaies, SCI SFI Bellejame, Matisse Santé, SCI du Mont d'Aurelle, Les Orangers, Du Grand Parc, Ansi, BRBT, Du Jardin des Lys, De la Rue de Londres, Château de Loos, Berlaimont, Les Oliviers, SCI Barbusse, SCI Normandy Cottage Foncier, SCI du Bois-Guillaume Rouen, SCI Rezé, Livry Vauban 2020, Sequoia, SCI du Parc Saint-Loup, SCI Larry, SCI Ardennaise, De Peix, Les Jardins de Castelviel, Cerdane, Villa Morgan, SCI Ried Santé, Saint-Victoret, Méditerranée, Officéa Santé, Central & Eastern Europe Care Services Holding (Luxembourg),SCI La Lorraine, SCI Princess2, Foncière Clinipsy1 Foncière, Clinipsy2, Primavera, SARL 08 Signy-l'Abbaye, Reine Bellevue, François Rabelais, SCI d'Portes Auxerre, Yobema, Nancy Bellefontaine, Les Bords du Gave, Caserne de Draguignan,SCI Laurent, Familisanté Immobilier, Portexploit Unipessoal (Portugal), Cometa 2018 Investimentos Imobiliarios (Portugal), Clinique du Grand-Salève (Switzerland), Clinique Privée la Métairie (Switzerland) Clinique Bois-Bougy (Switzerland), Clinea Suissse (Switzerland), Med-Immo La Colline (Switzerland)
Manager: SCI Villa de la Maye, SCI Vineuse, SCI Gaoua Beach, SCI Franklin SCI La Clarté, SCI Les Fruits

5.8 Statutory Auditors' report on related-party agreements

Annual General Meeting called to approve the financial statements for the year ended 31 December 2021

This is a free translation into English of the Statutory Auditors' report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders of ORPEA,

In our capacity as Statutory Auditors of ORPEA (hereinafter "the Company"), we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements.

Pursuant to Article R. 225-31 of the French Commercial Code, it is your responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

AGREEMENTS AUTHORISED AND ENTERED INTO DURING THE YEAR ENDED 31 DECEMBER 2021

We were not informed of any agreement authorised and entered into during the year to be submitted for the approval of the Annual General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS AUTHORISED AND ENTERED INTO AFTER THE 2021 YEAR-END

We were informed of the following agreement, authorised and entered into since the year end, which was authorised in advance by the Board of Directors on 15 February 2022:

Award of exceptional remuneration to Olivier Lecomte, in his capacity as Chairman of the ad hoc Steering and Monitoring Committee formed to oversee the independent review into the allegations of wrongdoing contained in a book published on 26 January 2022. This remuneration, which will be paid for the entire duration of his assignment, amounts to €9,000 per month.

Impact during 2021: None.

AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

AGREEMENTS APPROVED IN PREVIOUS YEARS

a) That were effective during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed of the continued implementation during the year of the following agreements that were previously approved by the Annual General Meeting:

1) Arrangement of unemployment insurance for Yves Le Masne, Chief Executive Officer

(Authorised by the Board of Directors on 29 June 2006)

Corporate officer concerned: Yves Le Masne

Nature and purpose: Arrangement of an unemployment insurance policy for Yves Le Masne, with the corresponding premiums paid by the Company.

Financial impact during 2021: The Company paid premiums amounting to €32,764.82 excluding taxes in respect of 2021.

This agreement expired on 30 January 2022 following the termination of Yves Le Masse's term of office as Chief Executive Officer.

b) That were not effective during the year

In addition, we were informed that the following agreements previously approved by the Annual General Meeting remained in force but were not implemented during the year.

1) Agreement on investment arrangements with FFP Invest

(Authorised by the Board of Directors on 11 December 2014)

Director concerned: FFP Invest, represented by Thierry Mabille de Poncheville

Nature and purpose:

- Right granted to FFP Invest to participate in any future capital increase by the Company, or, if the envisaged transaction does not allow it to subscribe to shares in said capital increase, to restore its percentage interest in the share capital by any and all means to be agreed by the parties. This best efforts commitment does not apply in the event of dilution arising from a contribution in kind, a takeover bid or a merger.
- Right granted to FFP Invest to obtain the Company's assistance in connection with any significant disposals of shares that FFP Invest wishes to carry out. A disposal of shares is deemed to be significant if it consists of more than 10% of the share capital sold to a given person, or more than 5% where the shares are sold to various investors. The Company's assistance involves the coordination of the various selling shareholders, and the provision of reasonable assistance to facilitate the sale transactions. This right to assistance may not be solicited more than three times in any five-year period.

Impact during 2021: None.

2) Investment agreement with CPPIB

(Authorised by the Board of Directors on 11 December 2013)

Directors concerned:

- Moritz Krautkrämer, Senior Principal in Relationship Investments at CPPIB
- Joy Verlé, Principal in Relationship Investments at CPPIB

Nature and purpose: At its meeting on 11 December 2013, the Board of Directors authorised ORPEA (the "Company") to enter into an investment agreement (the "Investment Agreement") with CPPIB, setting forth the principal arrangements for CPPIB's investment in connection with its acquisition of a shareholding in ORPEA.

The principal terms and conditions of the Investment Agreement are as follows:

- The Investment Agreement has a term of ten years.
- CPPIB may be represented on the Board of Directors by a director provided that CPPIB continues to hold at least 8% of the voting rights, and by two directors provided that CPPIB holds at least 16% of the voting rights, with this director or these directors being appointed to the Audit Committee, the Appointments and Remuneration Committee and any other Committee that may be established.
- Provided that CPPIB holds at least 5% of the Company's share capital, the Company will make every effort to ensure CPPIB is able to subscribe to any shares issued as part of a capital increase in proportion to its interest in the Company, or if the envisaged transaction does not allow it to subscribe to shares in said capital increase, to restore its percentage interest in the share capital by any and all means to be agreed by the parties. This best efforts commitment does not apply in the event of dilution arising from a contribution in kind, a takeover bid or a merger.
- CPPIB may not dispose of the shares it has acquired or subscribed to in connection with the Acquisition and Capital Increase for a period of eighteen (18) months from the date of the Acquisition. Once this period expires, CPPIB may request the Company's cooperation to complete any disposals of significant blocks of shares or private placements. A disposal of shares is deemed to be significant if it consists of more than 10% of the share capital sold to a given person, or more than 5% where the shares are sold to various investors. The Company's assistance involves the coordination of the various selling shareholders, and the provision of reasonable assistance to facilitate the sale transactions. This right to assistance may not be solicited more than three times in any five-year period.
- CPPIB may continue to acquire the Company's shares directly or indirectly, on- and off-market.

At its meeting on 11 December 2014, the Board of Directors authorised a supplementary clause to the Investment Agreement concerning notification of the Company's Board of Directors of any request for assistance from CPPIB in the event of any major disposals of its shares:

- Upon the Company's receipt of a request for assistance, the Company may inform the Board of Directors if it has previously informed CPPIB of its intention to do so.
- The Company will not inform the Board of Directors if the request for assistance is withdrawn within five business days of CPPIB's receipt of the Company's notification.

Impact during 2021: None.

Paris and Paris-La Défense, France, 14 June 2022

The Statutory Auditors

Saint-Honoré BK&A	Deloitte & Associés
Xavier Groslin	Jean-Marie Le Guiner

France
ORPEA Résidences,
Saint-Maur-des-Fossés

6.

Consolidated financial statements for the year ended 31 December 2021

6.1 Consolidated financial statements for the year ended 31 December 2021

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	31 Dec. 2021	31 Dec. 2020
Revenue	**3.18**	**4,298,574**	**3,922,392**
Purchases used and other external costs		(845,236)	(748,837)
Personnel expenses		(2,428,888)	(2,210,306)
Taxes other than on income		(128,144)	(135,540)
Depreciation, amortisation and charges to provisions		(644,973)	(503,574)
Other recurring operating income		337,396	105,062
Other recurring operating expense		(193,002)	(6,294)
Recurring operating profit	**3.20**	**395,727**	**422,903**
Other non-recurring operating income	3.21	93,302	278,871
Other non-recurring operating expense	3.21	(134,369)	(234,782)
OPERATING PROFIT		**354,660**	**466,992**
Financial income		12,116	16,168
Financial expense		(261,013)	(272,827)
Net financial expense	**3.22**	**(248,897)**	**(256,659)**
PROFIT BEFORE TAX		**105,763**	**210,333**
Income tax expense	3.23	(37,539)	(52,584)
Share in profit/(loss) of associates and joint ventures	3.5	(1,362)	1,550
NET PROFIT OF CONSOLIDATED COMPANIES		**66,861**	**159,299**
Attributable to non-controlling interests		1,676	(747)
Attributable to ORPEA's shareholders		65,185	160,046
Number of shares		64,640,075	64,631,325
Earnings per share *(in euros)*		1.01	2.48
Diluted earnings per share *(in euros)*		1.01	2.44

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)		31 Dec. 2021	31 Dec. 2020
Attributable net profit	**a**	**65,185**	**160,046**
Change in currency translation adjustments		5,976	(56,455)
Available-for-sale financial assets			
Cash flow hedges		117,327	(33,416)
Tax effect on items that may be reclassified to profit or loss		(30,300)	8,630
Total items that may be reclassified to profit or loss	b	93,003	(81,241)
Comprehensive income net of items that may be reclassified to profit or loss	**a+b**	**158,188**	**78,805**
Actuarial gains/(losses)		33,177	(8,441)
Revaluation of properties		281,445	569,600
Tax effect on items that may not be reclassified to profit or loss		(79,344)	(145,116)
Total items that may not be reclassified to profit or loss	c	235,278	416,043
Comprehensive income net of items that may not be reclassified to profit or loss	**a+b+c**	**393,466**	**494,848**
Other comprehensive income (net of tax)	**b+c**	**328,281**	**334,801**
COMPREHENSIVE INCOME	**A+B+C**	**393,466**	**494,848**

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	Notes	31 Dec. 2021	31 Dec. 2020
ASSETS			
Goodwill	3.1	1,668,553	1,494,270
Intangible assets, net	3.1	3,076,406	2,881,430
Property, plant and equipment, net	3.3	7,237,005	6,154,741
Assets in progress	3.3	832,385	814,562
Right-of-use assets	3.4	3,072,567	2,817,216
Investments in associates and joint ventures	3.5	84,158	187,047
Non-current financial assets	3.6	94,703	90,952
Deferred tax assets	3.23	115,510	116,111
Non-current assets		**16,181,287**	**14,556,329**
Inventories		15,735	19,824
Trade receivables	3.7	431,630	233,223
Other receivables, accruals and prepayments	3.8	1,015,354	718,290
Cash and cash equivalents	3.12	952,369	888,836
Current assets		**2,415,088**	**1,860,173**
Assets held for sale	**3.9**	**387,952**	**550,000**
TOTAL ASSETS		**18,984,327**	**16,966,502**

(in thousands of euros)	Notes	31 Dec. 2021	31 Dec. 2020
EQUITY AND LIABILITIES			
Share capital		80,800	80,789
Consolidated reserves		2,399,657	2,311,027
Revaluation reserves		1,253,806	943,278
Attributable net profit		65,185	160,046
Equity attributable to ORPEA's shareholders	**3.10**	**3,799,448**	**3,495,140**
Non-controlling interests		11,780	(5,181)
Total equity		**3,811,228**	**3,489,959**
Non-current debt excluding bridging loans	3.12	7,006,670	6,037,080
Non-current bridging loans	3.12	105	449,540
Non-current lease commitments	3.14	2,968,098	2,720,246
Long-term provisions	3.11	148,436	91,713
Provisions for pensions and other employee benefit obligations	3.11	75,035	99,243
Deferred tax liabilities and other non-current liabilities	3.23	1,433,660	1,445,331
Non-current liabilities		**11,632,004**	**10,843,153**
Current debt excluding bridging loans	3.12	1,304,899	1,008,159
Current bridging loans	3.12	550,625	47,631
Current lease commitments	3.14	297,098	266,285
Short-term provisions	3.11	22,464	23,867
Trade payables	3.15	334,797	310,420
Tax and payroll liabilities	3.16	329,107	310,905
Current tax liability		68,808	34,675
Other payables, accruals and prepayments	3.17	633,297	631,448
Current liabilities		**3,541,095**	**2,633,390**
TOTAL EQUITY AND LIABILITIES		**18,984,327**	**16,966,502**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is prepared using the indirect method: it presents a reconciliation of operating profit to cash generated from operating activities.

Given that the Group funds a significant part of its construction projects with property leases, cash flow from financing activities includes advance payments by lessors and their repayments under "Proceeds from new finance leases" and "Repayments under finance leases".

Cash and cash equivalents at the beginning and end of the period include cash and other short-term investments, less any overdraft facilities that are not considered as bridge financing for operating properties recently acquired or under construction or redevelopment.

(in thousands of euros)	Notes	31 Dec. 2021	31 Dec. 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Attributable net profit		65,185	160,046
Elimination of non-cash income and expense related to operating activities*		286,732	118,568
IFRS 16 lease expense		294,300	265,201
Financial income and expenses	3.22	168,730	184,040
Financial expenses on lease commitments	3.22	80,167	72,619
Gains on asset disposals not related to operating activities net of tax		0	(19,842)
Gross cash flow from operations generated by consolidated companies		**895,114**	**780,632**
Change in operating working capital			
• Inventories		4,089	(7,311)
• Trade receivables	3.7	(198,406)	30,259
• Other receivables	3.8	(8,027)	(89,180)
• Tax and payroll liabilities	3.16	51,383	46,536
• Trade payables	3.15	25,381	57,133
• Other payables	3.17	(15,783)	(40,339)
Net cash generated by operating activities		**753,751**	**777,730**
CASH FLOW FROM INVESTING AND DEVELOPMENT ACTIVITIES			
Property investments		(1,270,736)	(750,667)
Disposals of real estate		284,125	231,668
Other acquisitions and changes		(421,906)	(494,439)
Net cash used in investing activities		**(1,408,517)**	**(1,013,438)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the parent	3.9	(58,168)	
Net cash inflows/(outflows) related to bridging loans and bank overdrafts	3.12	53,558	87,582
Proceeds from new leases	3.12	152,201	133,401
Proceeds from other borrowings	3.12	2,265,693	1,656,958
Repayments of lease liabilities		(294,300)	(265,201)
Repayments of other borrowings	3.12	(991,880)	(933,548)
Repayments under leases	3.12	(159,908)	(178,730)
Net financial income/expense and other changes	3.22	(248,897)	(214,659)
Net cash generated by financing activities		**718,299**	**285,803**
CHANGE IN CASH AND CASH EQUIVALENTS		**63,533**	**50,095**
Cash and cash equivalents at beginning of period		888,836	838,741
Cash and cash equivalents at end of period		**952,369**	**888,836**
Cash recognised in the balance sheet		**952,369**	**888,836**
Cash equivalents	3.12	11,586	10,380
Cash	3.12	940,782	878,456

* *Of which mainly depreciation and amortisation, equity-method associates, acquirer's excess in provisions, deferred taxes, share of net income of associates, fair value of assets and liabilities, restructuring costs, non-recurring expenses incurred in connection with the acquisition of facilities.*

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of euros except for the number of shares)	Number of shares	Share capital	Share premiums	Revaluation reserves	Other reserves	Income statement	Total attributable to ORPEA's shareholders	Non-controlling interests	Total equity
At 31 December 2019	**64,615,837**	**80,770**	**950,605**	**552,021**	**1,196,655**	**233,990**	**3,014,041**	**(2,918)**	**3,011,123**
Change in fair value of properties				422,501			422,501		422,501
Post-employment benefit obligations				(6,458)			(6,458)		(6,458)
Financial instruments				(24,786)			(24,786)		(24,786)
Currency translation adjustments					(56,455)		(56,455)	235	(56,220)
Impact of the remeasurement of deferred taxes							0		0
Changes in fair value recognised directly in equity		**0**	**0**	**391,257**	**(56,455)**	**0**	**334,801**	**235**	**335,037**
Reclassifications					2,016		2,016	(2,016)	0
Appropriation of net profit					233,990	(233,990)	0		0
Net profit at 31 December 2020						160,046	160,046	(747)	159,299
OCEANE					(2,573)		(2,573)		(2,573)
Other (contingent consideration and non-controlling interests)					(38,177)		(38,177)	265	(37,912)
Other (IFRS 16)					19,973		19,973		19,973
Free share plan	15,488	19	(19)		5,011		5,011		5,011
Cancellation of treasury shares							0		0
At 31 December 2020	**64,631,325**	**80,789**	**950,586**	**943,278**	**1,360,441**	**160,046**	**3,495,140**	**(5,181)**	**3,489,959**
Change in fair value of properties				196,984	11,777		208,761		208,761
Post-employment benefit obligations				26,517			26,517		26,517
Financial instruments				87,027			87,027		87,027
Currency translation adjustments					5,976		5,976	(359)	5,617
Impact of the remeasurement of deferred taxes							0		0
Changes in fair value recognised directly in equity		**0**	**0**	**310,528**	**17,753**	**0**	**328,281**	**(359)**	**327,922**
Reclassifications							0		0
Appropriation of net profit					101,878	(160,046)	(58,168)		(58,168)
Net profit at 31 December 2021						65,185	65,185	1,676	66,861
Other (contingent consideration and non-controlling interests)					(34,786)		(34,786)	15,643	(19,143)
Free share plan	8,750	11	(11)		6,982		6,982		6,982
Cancellation of treasury shares					(3,185)		(3,185)		(3,185)
AT 31 DECEMBER 2021	**64,640,075**	**80,800**	**950,575**	**1,253,806**	**1,449,083**	**65,185**	**3,799,448**	**11,780**	**3,811,228**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Amounts are stated in thousands of euros unless otherwise indicated. The 2021 consolidated financial statements for the ORPEA Group were approved for issue by the Board of Directors on 1 June 2022.

1. Significant accounting policies

ORPEA SA is a French joint-stock company (*société anonyme*) whose registered office is located at 12, rue Jean-Jaurès, 92800 Puteaux, France. It is the parent company of a group that operates long-term and short-term care facilities, primarily through the operation of nursing homes, post-acute and psychiatric hospitals and home care. It also provides in-home hospitalisation and residential care services.

1.1 ACCOUNTING STANDARDS

In accordance with EC Regulation No. 1606/2002 of 19 July 2002, the ORPEA Group has prepared its 2021 consolidated financial statements in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and mandatory at the reporting date of these financial statements.

This framework, available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias_en.htm), consists of the international financial reporting standards (IAS and IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC).

The accounting methods presented below have been applied consistently to all the periods presented in the consolidated financial statements, except for the new standards and interpretations described below.

The new standards and interpretations in force for periods beginning on or after 1 January 2021 and applicable to the ORPEA Group are:

- Amendments to IFRS 9, IAS 39, IFRS 16 and IFRS 7 – *Interest Rate Benchmark Reform* – Phase 2 (published 31 March 2021);
- Amendment to IFRS 4 – *Insurance Contracts – Deferral of Effective Date of IFRS 9* (published 25 June 2020);
- Amendment to IFRS 16: – *Covid-19-Related Rent Concessions* (published 31 March 2021);
- IFRS IC May 2021 agenda decision – *Attributing Benefit to Periods of Service* (IAS 19).

These amendments had no material impact on the Group's consolidated financial statements.

The Group did not apply any of the new standards or interpretations that were not mandatory at 1 January 2021. These are primarily the following:

Standards not yet adopted by the European Union (application date subject to adoption by the European Union)

- Annual Improvements to IFRS Standards 2018-2020 – *Various Provisions* (1 January 2022);
- Amendments to IFRS 3 – *Business Combinations – Reference to the Conceptual Framework* (1 January 2022);
- Amendments to IAS 16 – *Property, Plant and Equipment – Proceeds Before Intended Use* (1 January 2022);
- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (1 January 2022);
- Amendments to IAS 1 – *Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current* (deferred application for one year, i.e., 1 January 2024) and *Disclosure of Accounting Policies*;
- Amendments to IAS 8 – *Definition of Accounting Estimates* (1 January 2023);
- Amendments to IAS 12 – *Income Taxes* (1 January 2023);
- IFRS 17 – *Insurance Contracts* (1 January 2023).

The detailed analysis of these standards and amendments is currently under way, but no material impact is expected on the consolidated financial statements.

BACKGROUND INFORMATION ON THE DECISION TO MEASURE OPERATING PROPERTIES IN ACCORDANCE WITH IAS 16

The Group elected, with effect from its financial statements for the year ended 31 December 2007, to measure the operating properties, land and buildings owned and operated by the Group using the revaluation model set out in IAS 16, in order to give a more accurate view of the value of its property portfolio

Details of how this model is implemented are provided in Note 3.3.

The consolidated financial statements and accompanying notes are presented in euros.

1.2 BASIS OF ACCOUNTING

The financial statements have been prepared according to the historical cost principle. In an exception to this principle, the fully or jointly owned properties operated by the Group are measured at fair value (see Note 3.3), as are derivatives (see Note 3.13).

Available-for-sale financial assets are valued at the lower of their net carrying amount and their fair value less costs to sell.

Financial liabilities are valued at amortised cost.

The carrying amounts of hedged assets and liabilities recognised on the balance sheet are adjusted to take account of changes in the fair value of the hedged risks.

This going concern assumption is notably based on the loan agreement signed with various banks on 13 June 2022 and approved by the Nanterre Commercial Court on 10 June 2022.

1.3 USE OF ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that have an impact on the amounts presented in these financial statements. These estimates are based on the going concern assumption and are established according to the information available at the time. Estimates may be revised if the circumstances on which they were based change or in the event new information comes to light. Actual results may differ from these estimates.

The consolidated financial statements have been prepared by reference to the current environment, particularly with respect to the estimates presented below:

- future cash flow and discount rate assumptions used for the impairment testing of goodwill, intangible assets and property, plant and equipment (IAS 36);
- measurement of share-based payments (IFRS 2);
- measurement of provisions (IAS 37), particularly in the context of the IGAS-IGF reports and the internal investigations carried out after the reporting date and detailed in Notes 2.2 and 3.11 to the consolidated financial statements;
- measurement of post-employment benefits (IAS 19);
- estimate of lease terms and discount rates for future lease payments (IFRS 16);
- measurement of certain financial instruments at fair value (IFRS 9);
- remeasurement of real-estate assets at fair value (IAS 16).

1.4 BASIS OF CONSOLIDATION

Entities indirectly or directly controlled by the Group are fully consolidated.

Control is assessed for each company in light of the following criteria provided for in IFRS 10 – *Consolidated Financial Statements*:

- power over the investee, which is based primarily on the ability to direct the relevant activities of that company;
- exposure, or rights, to variable returns from involvement with the investee;
- the ability to use power over the investee to affect the amount of those returns.

Joint arrangements classified as joint operations are consolidated line by line in relation to the Group's actual interest. Joint arrangements classified as joint ventures are accounted for using the equity method.

Entities over which the Group has significant influence, directly or indirectly, are accounted for using the equity method. Significant influence is presumed to exist when the Group holds more than 20% of the voting rights.

They are recognised at cost including any goodwill at the date of acquisition.

Their carrying amount reflects the Group's share in its profits subsequent to the acquisition. If losses exceed the Group's net investment in the entity concerned, these are not recognised by the Group unless it has an obligation to recapitalise the entity or make payments on its behalf.

Acquisitions and disposals made during the year are included in the consolidated financial statements from the date on which control or significant influence is acquired to the date on which it ceases.

The consolidated financial statements have been drawn up on the basis of the financial statements of all consolidated entities at 31 December.

1.5 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 — *Business Combinations*, published in January 2008 by the International Accounting Standards Board (IASB).

Acquisitions of businesses are generally contingent upon the award by the supervisory authorities of a licence to the Group as the new operator. Other conditions precedent may be provided for on a case-by-case basis.

In such cases, the acquisition goes ahead and the newly acquired entity is consolidated once the conditions precedent have been satisfied.

A business combination is accounted for using the acquisition method only as of the date on which control is acquired.

If a non-controlling interest in the entity was held prior to the acquisition of an additional interest giving rise to a change of control, it is remeasured at fair value and any difference is recognised in non-recurring operating profit.

Transaction costs, such as intermediaries' fees, legal, advisory, accounting, appraisal and other fees, and associated taxes and duties, are recognised in non-recurring operating expenses for the period.

Identifiable assets, liabilities and contingent liabilities of the acquired entity which meet the conditions for recognition set out in IFRS 3 are measured at fair value except for assets (or disposal groups) that qualify as non-current assets held for sale under IFRS 5, which are recognised and measured at fair value less costs to sell.

On first-time consolidation of an acquired entity, the Group has twelve months in which to determine the fair value of identifiable assets, liabilities and contingent liabilities acquired.

In the light of current regulations, licences to operate hospitals and nursing homes are recognised and measured as identifiable intangible assets at the date of acquisition.

Licences for non-French facilities acquired in Belgium and Italy have been recognised as intangible assets since 1 July 2007, since 2014 for new facilities acquired in Spain and Switzerland, in 2015 for facilities acquired in Austria, in 2017 for Poland and the Czech Republic, in 2018 for Portugal and Germany, in 2019 for the Netherlands and in 2020 for Slovenia, Latvia and Ireland.

Operating licences for certain non-French facilities do not meet the recognition requirements for identifiable intangible assets and are accordingly included in goodwill.

Properties are measured at fair value taking account of their specific characteristics.

The Group also analyses any risks and obligations (employee-related, tax-related, property-related and other) that arise during the due diligence process for acquisitions.

The difference between the cost of an acquisition and the Group's interest in the fair value of identifiable assets and liabilities acquired on the acquisition date is recognised as goodwill. Goodwill, measured in the functional currency of the acquired entity, is recognised as an asset on the balance sheet. It is not amortised but tested for impairment whenever there is an indication of a loss in value and at least once a year at the end of the financial year. Any impairment losses are recognised in "Other non-recurring operating expenses". Goodwill impairment cannot subsequently be reversed under any circumstances.

If the fair value of assets, liabilities and contingent liabilities acquired exceeds the cost of the acquisition, the negative goodwill is recognised immediately in profit or loss under "Other non-recurring operating income" (see Note 3.21).

Since the revised IFRS 3 was adopted, minority interests in consolidated subsidiaries can be measured at fair value or by the share of non-controlling interest in the identifiable net assets of the acquired company.

This option is available on a transaction-by-transaction basis.

Goodwill arising on entities accounted for by the equity method is included in "Investments in associates and joint ventures".

Upon disposal of a subsidiary, jointly-controlled entity or facility, the corresponding goodwill is included when determining the gain or loss on disposal recorded under non-recurring operating profit.

1.6 FUNCTIONAL CURRENCY

The consolidated financial statements are prepared in euros.

Financial statements of subsidiaries with a different functional currency are translated into euros as follows:

- at the official rate at the reporting date for assets and liabilities;
- at the average rate for the period for income statement and cash flow statement items.

Any exchange differences resulting from the application of these exchange rates are recognised under "Foreign currency translation reserves", a component of "Consolidated reserves" in consolidated equity.

The functional currency of the Swiss, Polish, Czech, Chinese, British, Croatian, Mexican, Brazilian, Uruguayan and Chilean subsidiaries is not the euro.

2. Significant events of the period

Throughout 2021, the Group continued to deploy protocols and procedures in line with the development of the Covid pandemic and the health authorities' recommendations. Also during the year, the Group continued to place orders for personal protective equipment, such as masks and hand sanitisers, to limit the spread of the virus as much as possible and to protect residents, patients and employees.

The Group's development continued apace, with:

- in Ireland, in the nursing home sector, the acquisition of the First Care group, Belmont House and the remaining 50% of the Brindley Healthcare group;
- in Switzerland, the acquisition of the Sensato group, which operates both nursing homes and assisted living facilities;
- in Spain, the acquisition of seven facilities from the Sanitas group;
- in France, the acquisition of the remaining 52.59% of the share capital and voting rights of France Seniors, which operates assisted living facilities;
- in the Netherlands, the acquisitions of the T Zicht and PGZ groups.

In 2021, ORPEA SA also carried out its first public offering of sustainable bonds for €500 million with a maturity of seven years, and completed new *Schuldscheindarlehen* issues for a total amount of €462 million.

2.1 SCOPE OF CONSOLIDATION

During the period, ORPEA opened several facilities after completing construction and redevelopment projects launched in prior financial years. It also pushed ahead with its strategy of expanding through acquisitions of facilities in operation or at the project development stage.

The Group also purchased, directly or via companies, specific assets necessary for its expansion, such as intangible and real-estate operating rights, and sold certain facilities and properties.

Based on provisional estimates of the fair value of assets acquired, the total investment at their acquisition date breaks down as follows:

2021 *(in millions of euros)*	Goodwill	Operating intangible assets	Properties	Contingent liabilities	Other assets and other liabilities*	Deferred taxes	Purchase price	2021 revenue	2021 net profit
France-Benelux-UK-Ireland	88	108	120	(5)	5	(23)	277	79	(16)
Central Europe	35	62	48	(4)	(20)	(12)	102	47	(2)
Iberian Peninsula and Latin America	2	2	0	0	3	0	5	0	0
Eastern Europe	11	16	54	(2)	(13)	(9)	57	27	0
Rest of the World									
TOTAL	**137**	**187**	**221**	**(12)**	**(25)**	**(45)**	**441**	**154**	**(17)**

* *Of which intangible assets related to concessions, where appropriate.*

As part of its strategy of growth through acquisitions, the Group carries out acquisitions on a regular basis.

During the year, the Group acquired a controlling interest in the France Seniors group in France and the Brindley group in Ireland, as well as nursing homes and hospitals in Austria, Croatia, Italy, Switzerland and the Netherlands, and a school in Austria.

Other non-recurring income and expense related to acquisitions are presented in Note 3.21.

In 2020, total investments at the date of consolidation were:

2020 *(in millions of euros)*	**Goodwill**	**Operating intangible assets**	**Properties**	**Contingent liabilities**	**Other assets and other liabilities***	**Deferred taxes**	**Purchase price**	**2020 revenue**	**2020 net profit**
France-Benelux-UK-Ireland	55	327	137	(11)	12	(82)	398	88	4
Central Europe	48	49	0	(1)	(35)	(9)	52	21	(1)
Iberian Peninsula and Latin America	6	0	7	(1)	(1)	(1)	11	2	0
Eastern Europe	2	16	23	(1)	(12)	(4)	19	6	1
Rest of the World									
TOTAL	**111**	**392**	**167**	**(14)**	**(36)**	**(96)**	**480**	**118**	**4**

* *Of which intangible assets related to concessions, where appropriate.*

2.2 SUBSEQUENT EVENTS

Following the publication on 26 January 2022 of a book containing allegations of wrongdoing, ORPEA's Board of Directors mandated Grant Thornton and Alvarez & Marsal to conduct an independent review of the allegations in question. At the same time, the Ministry of Solidarity and Health ordered each of the General Inspectorate of Finance (IGF) and the General Inspectorate of Social Affairs (IGAS) to investigate the claims.

On 30 January 2022, the Group's Board of Directors decided to terminate Yves Le Masne's duties as Chief Executive Officer and to appoint Philippe Charrier as acting Chairman and Chief Executive Officer.

On 26 March 2022, ORPEA issued a press release disclosing the findings of the final reports of the IGAS-IGF joint investigation and took note of the announcement by Brigitte Bourguignon, Minister Delegate to the Minister of Solidarity and Health in charge of Autonomy, of her decision to transmit to the public prosecutor the report of the investigation carried out by the IGAS and IGF. Details of the provision for liabilities booked by ORPEA following the publication of this report are given in Note 3.11 below.

On 26 April 2022, the Company published the progress report by Grant Thornton and Alvarez & Marsal, submitted to the Company's Board of Directors a few days earlier, which confirmed the findings of the IGAS-IGF investigation. The final report on the use of public funds and business relations with third parties, including some public officials (allegations 2 and 3), was submitted to the Board of Directors on 27 May 2022; the final report on the care of nursing home residents and on employment law (allegations 1 and 4) will be submitted by 30 June 2022.

MEASURES TO SUPPORT A WAY OUT OF THE CRISIS

On 2 May 2022, ORPEA's Board of Directors appointed Laurent Guillot as Chief Executive Officer with effect from 1 July 2022. His appointment to the Board of Directors will be proposed to the Annual General Meeting to be held on 28 July 2022. Laurent Guillot will act as advisor to the Chairman and Chief Executive Officer until he takes up his position.

On the same day, ORPEA also announced that it had filed a complaint against unnamed persons with the public prosecutor for past transactions and events – wholly unrelated to the accommodation and care conditions for residents – that could raise questions with regard to ORPEA's best interests and which were discovered following internal investigations that revealed a number of fraudulent activities of which the Company or its subsidiaries may have been victims.

The Company has not currently identified any material adverse impact on its cash flow or real estate assets resulting from the reported fraudulent activities.

The Company intends to use all means at its disposal to recover the sums of money that it may have been deprived of as a result of these fraudulent activities.

Internal measures were immediately taken to remove the persons likely to be involved in these fraudulent activities and to strengthen the Group's internal control procedures; its investigations are ongoing and could lead to further dismissals.

NEW FUNDING AND CONCILIATION PROCEDURE

On 13 May 2022, ORPEA entered into an agreement in principle with its core banking partners BNP Paribas, Crédit Agricole, Crédit Mutuel Alliance Fédérale, BPCE group, La Banque Postale and Société Générale ("the Banks").

This agreement in principle with the Banks is a response to the current period of uncertainty affecting ORPEA, as well as to closed-off access to financial markets and the initially anticipated slowdown of the real estate asset disposal programme, and will notably enable it to meet significant debt servicing obligations in 2022 (approximately €813 million due in the second half of the year) and in 2023 (approximately €1,004 million due).

The agreement in principle is part of an amicable conciliation procedure, opened by order of the President of the Nanterre Commercial Court on 20 April 2022.

The agreement in principle, unanimously approved by ORPEA's Board of Directors, includes the following key principles:

1. Provision of a new financing plan by the Banks via a secured syndicated facility of €1,733 million. The key terms of this facility granted by the Banks to ORPEA include:
   a. medium-term financing, maturing in December 2025, in order to (a) provide new cash funds to the Group in an amount of €600 million, repayable partly at maturity and partly by instalments (€100 million in each of June 2024, December 2024 and June 2025), and (b) finance repayments of existing debt in an amount of €233 million, repayable at maturity; and

b. €900 million in short-term financing, consisting of several tranches maturing in June 2023 for €200 million and in December 2023 for €700 million (with the option to extend these two maturities by six months, exercisable at ORPEA's discretion subject to certain conditions).

The new financing includes:

– a commitment to the lenders to maintain a minimum cash level of €300 million, to be tested quarterly from June 2023;

– commitments relating to the disposal of operating and real estate assets, the latter for a cumulative gross asset value (excluding duties) of (i) €1 billion at 31 December 2023, increasing to (ii) €1.5 billion at 31 December 2024, and to (iii) €2 billion at 31 December 2025;

– a change of control clause for ORPEA; and

– a cross-default clause (€40 million threshold).

The new financing will benefit from a pledge over the shares of the subsidiaries CLINEA and CEECSH (representing 25% and 32% of Group revenue, respectively). Following certain reorganisations to be carried out within the Group, the pledges will be over shares in CLINEA France and the Group's business in Germany, representing 25% and 16% of consolidated revenue, respectively.

It is further noted that the average interest rate of all new lines granted under the agreement in principle in respect of the €1,733 million tranche will be Euribor +3.9% (except for the optional refinancing facility bearing interest at Euribor +5%).

A portion of the proceeds from the disposals will be immediately allocated to the repayment of the short-term tranches of the facility.

2. Setting up an optional syndicated facility up to a maximum amount of €1.5 billion due December 2026, open in priority to lenders participating in the short- and medium-term financing outlined above, to refinance the unsecured bank facilities at a rate of Euribor +5%.

3. Cancelling the dividend payment for 2021.

This agreement in principle was the subject of a loan agreement signed with the Banks on 13 June 2022 and a conciliation protocol, including the relevant loan agreement, approved by the Nanterre Commercial Court on 10 June 2022.

3. Commentary on the consolidated financial statements

3.1 GOODWILL AND INTANGIBLE ASSETS

The recognition of operating licences as intangible assets is contingent on the existence of highly regulated markets.

Depending on the level of regulation and existence of active markets in the geographical areas where the Group operates, licenses are either recognised as goodwill if they cannot be allocated, or directly as intangible assets in accordance with IAS 38.

Intangible assets mainly comprise licences to operate beds in nursing homes, post-acute hospitals and psychiatric hospitals in France, Belgium, Switzerland, Spain, Italy, Austria, Poland, the Czech Republic, Portugal, the Netherlands, Germany (hospitals only), Slovenia and Ireland.

These licences are considered to have an indefinite useful life, in line with the market position adopted by the sector. This position is based on the following observations and is reinforced by the Group's past experience:

- the probability of the licences being withdrawn or not renewed is low, given that the Group adheres strictly in the management of its facilities to the guidelines and standards set by the various supervisory authorities;
- the costs incurred in maintaining licences are not material.

These intangible assets are recognised at cost. Cost is equal to the price actually paid when acquired separately or at fair value when acquired as part of a business combination.

Fair value is estimated based on the type of operation and its location: between 100% and 175% of annual revenue in France, between 80% and 100% in Belgium and Switzerland, between 80% and 150% in Italy and Spain, between 50% and 100% in Austria and the Czech Republic, 100% in Poland, Portugal, Slovenia, Latvia and Ireland, and between 75% and 100% in the Netherlands and Germany.

The annual revenue used to establish the value of assets is adjusted based on historical data and the following assumptions: licensed capacity of the facility at the date of acquisition, as well as the applicable accommodation and per diem rates; occupancy rate of the facility (projected to be 95%), number of private rooms to be available and the corresponding rates; and, for residential facilities for the elderly, the corresponding medical care or dependency care rates, as applicable. For facilities in a start-up phase, the revenue applied is that projected at maturity.

The multiples used are representative of comparable market transactions.

Intangible assets with an indefinite useful life are not amortised but tested for impairment at each reporting date or whenever there is an indication that they might be impaired. If their recoverable amount is lower than their net carrying amount, an impairment loss is recognised in profit or loss under "Other non-recurring operating expense".

The amortisation period applied to other intangible assets ranges between one and ten years.

3.1.1 GOODWILL

The main movements during the period were as follows:

	Total
Net goodwill at beginning of period*	1,494,270
Reclassification of goodwill attributable to assets held for sale	56,079
Business combinations	136,775
Adjustments to previous goodwill, deconsolidations and other	(12,931)
Impairment	(15,902)
Currency translation adjustments	10,264
NET GOODWILL AT END OF PERIOD	**1,668,553**

* *Excluding €58,133 thousand in goodwill of entities classified as held for sale in 2020.*

Business combinations recognised in 2021 mainly include the provisional allocation of goodwill from the sub-groups France Seniors (France), Sensato (Switzerland), Aspach (Austria), Brindley and Firstcare (Ireland).

The sub-groups of significant CGUs (i.e., those with a value greater than 5% of total goodwill) were as follows:

	31 Dec. 2021
Mediter Mieux Vivre sub-group	87,010
Senevita sub-group	63,443
Established German operations	399,336
Dagelijks Leven sub-group	76,735
Axion sub-group	83,084
Brazilian sub-group	92,797
Portuguese sub-group	89,747
France Senior	78,702
Other	697,699
NET GOODWILL AT END OF PERIOD	**1,668,553**

3.1.2 INTANGIBLE ASSETS

Gross intangible assets and accumulated amortisation break down as follows:

	31 Dec. 2021			31 Dec. 2020		
	Gross	Amortisation and charges to provisions	Net	Gross	Amortisation and charges to provisions	Net
Operating intangible assets	2,993,288	28,802	2,964,486	2,810,417	19,101	2,791,316
Advances and down payments	5,708	17	5,691	3,206	16	3,190
Other intangible assets	256,314	150,085	106,229	231,051	140,291	90,759
Intangible assets held for sale	0	0	0	(3,835)		(3,835)
TOTAL	**3,255,310**	**178,904**	**3,076,406**	**3,040,839**	**159,409**	**2,881,430**

At 31 December 2021, "Operating intangible assets" included operating licences considered to have an indefinite useful life and a brand acquired as part of the Sinoue group business combination.

In the context of business acquisitions, operating licences that meet IAS 38 are recognised at fair value at the date of acquisition. Fair value measurements are based on recent transactions and commonly used measurement models.

Groups of CGUs with material operating licences were as follows:

	31 Dec. 2021	31 Dec. 2020
Mediter Mieux Vivre sub-group	197,496	187,125
Sinoue sub-group	146,978	128,215
Clinipsy sub-group	135,469	145,569
Senevita sub-group	130,249	109,448
Senecura sub-group	119,396	124,106
Other	2,234,899	2,096,853
NET OPERATING LICENCES AT END OF PERIOD	**2,964,486**	**2,791,316**

No other group of CGUs accounted for more than 5% of total operating licences at the end of the period.

Amortisation of other intangible assets is recognised in profit or loss under "Depreciation, amortisation and charges to provisions".

Impairment losses are recognised in "Other non-recurring operating expense".

The following table shows movements in intangible assets (net) by category:

	Operating licences	Advances and downpayments	Other	Intangible assets held for sale	Total
At 31 December 2019	**2,388,919**	**303**	**83,693**	**(3,835)**	**2,469,080**
Increase	24,683	2,897	10,186		37,765
Decrease	(3,424)		(803)		(4,227)
Amortisation and charges to provisions	(1,071)	0	(9,325)		(10,396)
Reclassifications and other	(9,748)	(232)	6,596		(3,384)
Changes in scope	391,957	222	413		392,592
At 31 December 2020	**2,791,316**	**3,191**	**90,759**	**(3,835)**	**2,881,430**
Increase	14,979	3,337	12,771		22,977
Decrease	(4,000)		(688)		(4,688)
Amortisation and charges to provisions	(13,476)	(1)	(9,108)		(22,585)
Reclassifications and other	(11,258)	(840)	8,987	3,835	14,846
Changes in scope	186,931	5	3,502		184,426
AT 31 DECEMBER 2021	**2,964,486**	**5,691**	**106,229**	**0**	**3,076,406**

Changes in the scope of consolidation derived chiefly from acquisitions in France-Benelux-UK-Ireland (€108 million), Central Europe (€62 million) and Eastern Europe (€16 million).

Advances and downpayments recognised in intangible assets mainly comprise prepayments in connection with contractually agreed acquisitions of operating licences.

"Other intangible assets" include €72 million of intangible concession assets located in Spain.

3.2 REGULAR IMPAIRMENT TESTING

In accordance with IAS 36: Impairment of Assets, the Group assesses the recoverability of its long-term assets as follows:

- property, plant and equipment, and intangible assets with a finite useful life are tested for impairment if there is an indication of impairment;
- intangible assets with an indefinite useful life and goodwill are tested for impairment whenever there is an indication of impairment and at least once a year at the reporting date.

Impairment testing consists of comparing the net carrying amount with the higher of fair value less costs to sell and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The discount rate used is equal to the Group's weighted average cost of capital, which is representative of the sector rate and takes into account a risk premium tailored to the economic environment of each country.

Any impairment of the assets of a cash-generating unit (CGU), or group of CGUs in the case of non-French operations, is charged first to the relevant goodwill, intangible assets and property, plant and equipment, with the balance allocated to the remaining assets in proportion to their carrying amount.

Each nursing home or hospital represents a CGU. A CGU's main assets are goodwill when allocated to the CGU's intangible assets (operating licence).

In accordance with IAS 36, the cash generating units were tested for impairment at the end of the 2021 financial year, including goodwill, intangible assets with an indefinite useful life and property, plant and equipment.

Due to the exceptional circumstances related to the ongoing Covid-19 pandemic, impairment tests carried out at 31 December 2021 were reviewed to take into account the gradual recovery in occupancy rates which began across all facilities at the beginning of the second half of 2021 and continued in the first quarter of 2022.

The useful life adopted in business plans is five years. The main operating assumptions and rates used at 31 December 2021 were as follows:

- perpetuity growth rate: 1.5%;
- discount rate determined according to geographical area:
  - France, Switzerland, Germany, Austria, Luxembourg: 5.50%,
  - Belgium, Spain, Netherlands: 5.93%,
  - Italy: 6.13%,
  - Poland, Portugal, Ireland and Czech Republic: 6.80%,
  - United Kingdom: 10.35%,
  - Rest of the World: 7.23%;
- maintenance capex: 2.5% of revenue.

Some cash generating units may be sensitive to changes in these three rates.

A 50 basis point increase in the discount rate or a 50 basis point decrease in the perpetuity growth rate, or a cumulative variation of both inputs, would result in the recognition of potential impairment losses in an amount of less than 0.25% of the carrying amount of "Operating licences", and of less than 0.85% of the carrying amount of "Goodwill".

As a result of the impairment tests carried out at 31 December 2021, the Group recognised impairment losses against certain cash-generating units for a total of €16.5 million, primarily covering three geographical areas: France-Benelux-UK-Ireland for €10.4 million, Iberian Peninsula and Latin America for €3.8 million, and Eastern Europe for €2.3 million.

3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly comprises land, buildings, fixtures and fittings, and equipment.

The Group's operating properties are either acquired, built or redeveloped by the Group.

They are held directly or under leases.

As part of its asset management policy, the Group regularly sells operating properties it owns.

These sales are carried out in a block or in lots and are then leased back from the new owner. Disposals may include properties owned and operated by the Group for several years and also properties that have been recently acquired, redeveloped or built, or are under construction or redevelopment.

Properties that the Group intends to sell within 12 months are classified as "Assets held for sale".

Measurement of property, plant and equipment

Property, plant and equipment other than operating properties are measured at their cost of acquisition or production less accumulated depreciation and any impairment, in line with the standard treatment under IAS 16 – *Property, Plant and Equipment*.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset, as required by IAS 23 – *Borrowing Costs*.

Revaluation of operating properties

Properties held directly or under finance leases, comprising land and buildings and operated by the Group, are initially valued at cost and then revalued at fair value in accordance with the revaluation model under IAS 16 – *Property, Plant and Equipment* (paragraph 31).

Co-owned lots belonging to the Group in facilities sold partly as furnished rentals are recorded at historical cost at 31 December 2021.

Properties in service, which exclude assets in progress and under redevelopment, have been revalued annually since 2020, with the exception of small sites and any properties expected to be sold within 12 months.

Assets in progress are measured at cost less any impairment until construction is completed.

A facility's fair value is determined by qualified appraisers who have a recognised professional credential as well as experience in the Group's business sectors and geographical areas. Valuations are conducted as at 31 December.

The main valuers are Jones Lang LaSalle (JLL), Cushman & Wakefield and CBRE, depending on the geographical location.

Fair value is determined for each facility based on the property's location and business. Fair value is determined in accordance with the provisions of IFRS 13 and based on each facility's operating data, market comparables and commonly used measurement models. This is a Level 3 fair value measurement under the IFRS 13 hierarchy since the data used, such as the facility's operating data, are not public.

The revalued amount of each property is determined by capitalising an estimated market rent for each facility based on industry norms. The capitalisation rates applied depend on location, type of operation and form of ownership.

The difference between cost and fair value is recognised under "Revaluation reserves" net of taxes in equity.

If the revalued value of a property, land and buildings falls below historical cost, an impairment loss is recognised in profit or loss under "Other non-recurring operating expense".

Fair value adjustments to buildings are amortised over the residual life of each facility.

It should be noted that in carrying out their work, the valuers were particularly careful to take account of the crisis affecting ORPEA in France at the beginning of 2022 as well as the ongoing pandemic situation, factors that have not as yet had a material impact on the valuations of the Group's real estate assets.

Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment on a straight-line basis. Depreciation is calculated based on the expected useful life of each asset or each of its components having different useful lives in line with the following criteria:

- buildings, fixtures and fittings: 12 to 60 years;
- technical installations, equipment: 3 to 10 years;
- other: 3 to 10 years.

Property, plant and equipment is tested for impairment whenever there is an indication of impairment. Any impairment losses are recognised in profit or loss under "Other non-recurring operating expense".

Proprietary property development projects carried out by the Group

Under its expansion policy and in order to meet its quality standards, the Group manages most of its own operating property development or redevelopment projects.

These properties are either retained by the Group or sold to external investors and leased back to the Group under sale-and-leaseback arrangements.

The cost of new or redeveloped properties includes the cost of purchasing the land, any buildings to be redeveloped and all development and redevelopment costs. These include direct production costs and borrowing costs directly attributable to the production of the asset in accordance with paragraph 11 of IAS 23 – *Borrowing Costs.*

Properties sold off-plan to investors are accounted for using the percentage of completion method and therefore comply with IFRS 15.

The percentage of completion is determined based on accrued costs after validation by the project manager, and corresponds to the technical advancement in terms of the overall costs of the project.

Marketing expenses directly attributable to assets sold off-plan are recognised as assets under property, plant and equipment in progress and are charged back in proportion to the percentage of completion.

For real-estate projects in the process of being sold, the calls for funds amount for off-plan sales is deducted from the assets side of the balance sheet.

3.3.1 CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND PROPERTY UNDER CONSTRUCTION

Gross property, plant and equipment, including property under construction, and accumulated depreciation break down as follows:

	31 Dec. 2021			31 Dec. 2020		
	Gross	**Depreciation and charges to provisions**	**Net**	**Gross**	**Depreciation and charges to provisions**	**Net**
Properties	8,246,060	1,396,842	6,849,218	7,353,951	1,237,510	6,116,441
Technical installations	1,001,363	545,485	455,878	828,529	467,984	360,545
Assets in progress	982,363	62	982,301	814,624	62	814,562
Other property, plant and equipment	438,315	309,132	129,183	437,646	271,861	165,786
Property, plant and equipment held for sale	(347,191)		(347,191)	(488,032)		(488,032)
TOTAL	**10,320,910**	**2,251,521**	**8,069,390**	**8,946,719**	**1,977,417**	**6,969,303**

Depreciation is recognised in profit or loss under "Depreciation, amortisation and charges to provisions".

Impairment losses are recognised in "Other non-recurring operating expense".

Property, plant and equipment held for sale corresponds to properties earmarked for disposal within 12 months and amounted to €347,191 thousand at 31 December 2021.

Movements in the net carrying amounts of non-current assets are as follows:

	Properties	Technical installations	Assets in progress	Other	Property, plant and equipment held for sale	Total
At 31 December 2019	**5,305,031**	**289,969**	**595,124**	**164,567**	**(338,032)**	**6,016,657**
Acquisitions	295,289	118,163	298,713	36,023		748,187
Change in fair value	569,600					569,600
Disposals and retirements	(117,804)	(302)	(69,082)	(508)		(187,697)
Depreciation and charges to provisions	(114,101)	(62,463)	1,189	(28,964)		(204,339)
Reclassifications and other	10,993	1,717	(25,679)	(7,172)	(150,000)	(170,141)
Changes in scope	167,434	13,462	14,299	1,840		197,034
At 31 December 2020	**6,116,441**	**360,545**	**814,562**	**165,786**	**(488,032)**	**6,969,303**
Acquisitions	352,920	133,908	532,084	36,699		1,055,611
Change in fair value	281,445					281,445
Disposals and retirements	(173,853)	(396)	(65,951)	(773)		(240,972)
Depreciation and charges to provisions	(138,357)	(77,113)		(32,797)		(248,268)
Reclassifications and other	189,190	30,031	(298,413)	(45,159)	140,841	16,490
Changes in scope	221,432	8,903	19	5,428		235,781
AT 31 DECEMBER 2021	**6,849,218**	**455,878**	**982,301**	**129,183**	**(347,191)**	**8,069,390**

The main changes during 2021 were:

- the revaluation of properties (see Note 3.3.2);
- changes in scope;
- investments necessary for the continuing operation of the facilities, investments in new buildings or extensions, properties under construction, other items of property, plant and equipment acquired during the year through business combinations and those under construction.

At 31 December 2021, non-current assets financed under property leases amounted to €1,593,593 thousand, comprising €278,487 thousand in land and €1,315,106 thousand in buildings.

3.3.2 REVALUATION OF OPERATING PROPERTIES

The impact of the revaluation of operating properties in accordance with IAS 16 was €1,760 million at 31 December 2021.

Impact of IAS 16 measurement	31 Dec. 2021	31 Dec. 2020
Gross revaluation difference	1,777,530	1,510,984
Depreciation	(17,439)	(17,439)
NET REVALUATION DIFFERENCE	**1,760,091**	**1,493,545**

The gross revaluation difference for properties totalled €1,778 million at 31 December 2021, versus €1,511 million at 31 December 2020. The change is due to the €281 million revaluation in the year and to the disposal of previously revalued properties in an amount of €15 million.

The corresponding tax, calculated at the statutory tax rate, amounted to €459 million in the year ended 31 December 2021.

The main average capitalisation rates (excluding transfer taxes) used for the revaluations at 31 December 2021 are as follows:

- France: 4.9%;
- Belgium: 4.6%;
- Germany: 5.6%;
- Austria: 6.1%;
- Spain: 4.9%.

The average capitalisation rate of the Group's property portfolio was 5.3% at 31 December 2021, versus 5.3% at 31 December 2020.

A five basis-point change in the capitalisation rate would result in a €50 million change in the appraisal value of the Group's assets.

3.3.3 RENTAL EXPENSES

In accordance with IFRS 16, from 1 January 2019, rental expenses will consist solely of renewable leases with a term of less than one year or on low-value assets.

Rental costs break down as follows:

	2021	2020
Rental expenses	29,483	36,493
TOTAL RENTAL COSTS	**29,483**	**36,493**

Sale and leaseback transactions followed by the conclusion of an operating lease give rise to the derecognition of the underlying asset, the recognition of a right of use corresponding to the retained share of the net carrying amount of the asset sold and the corresponding debt, as well as the recognition of part of the sale as "Other recurring operating income and expense" for the financial year, limited to the rights of use assigned to the buyer-lessor.

3.4 RIGHT-OF-USE ASSETS

Applicable with effect from 2019, IFRS 16 imposes a single lessee accounting model that consists of recording as a liability a lease commitment equal to the sum of discounted future payments and recording right of use as an asset.

With the exception of certain intra-group leases, the Group has no material lease as a lessor.

The Group applies the provisions of IFRS 16 described below for all its leases of underlying assets with a significant replacement value and/or a term of more than 12 months, taking into account any renewal options provided for in the contract.

Leases entered into by the Group mainly concern real estate and certain transport equipment and materials necessary for the care of patients and residents.

The simplified retrospective method enabled the simple calculation of certain impacts on the date of initial application, 1 January 2019.

This method consisted in recognising:

- as a liability, a lease commitment corresponding to the discounted value of future lease payments from the transition date over the enforceable term of the contract, including any renewal and early termination options if the Group is reasonably certain of exercising them;
- as an asset, a right of use that is either equal to the lease liability restated with any provisions for onerous contracts and/or provisions for lease payments and/or prepayments, or for an amount equal to the lease commitment calculated as if the standard had been applied from the lease start date and/or the date of entry into the Group's scope.

Rights of use are amortised on a straight-line basis over the life of the underlying lease. The leasing obligation is recognised at amortised cost according to the effective interest rate method. At each period end, the rental liability is increased by the interest for the period, less the payments made. The rental liability is remeasured if a lease is renegotiated or if the Group changes its assessment of whether the exercise of renewal or early termination options is reasonably certain.

Leases for periods less than one year or for low-value assets continue to be recognised under profit and loss without an impact on the Group's balance sheet.

A deferred tax was recognised for the difference between rights of use and lease commitments falling within the scope of IFRS 16, similar to the approach taken for finance leases.

The measurement of the enforceable period of the leases was carried out taking into account the final decision of the IFRS IC on this issue, from the date of initial application.

The lease terms considered correspond to enforceable periods without extension, except when the current lease expires within the next three years. In this case, the term is adjusted to the specific situations of each of the leases, taking into account the lease extension or renewal options.

Details of lease commitments are presented in Note 3.14.

TREATMENT OF FINANCE LEASES ACCORDING TO IFRS 16

In the past, the Group has frequently used and continues to use finance leases with its financial partners for the financing of properties acquired, for restructuring or for the construction of new properties.

The amounts at 31 December 2021 relating to these transactions were €1,594 million in property, plant and equipment (see Note 3.3.1) and €875 million in financial liabilities (see Note 3.12).

Leases result in a legal assignment of properties but do not lead to the derecognition of the asset. This is because the Group retains control of the asset, since it is a financing transaction. As these financial arrangements are substantially asset purchases and not leases, real-estate assets are considered as property, plant and equipment in accordance with IAS 16 and the corresponding liabilities are considered as financial liabilities within the meaning of IFRS 9.

As of 31 December 2021, in accordance with IFRS 16, the Group had recognised right-of-use assets amounting to €3,072,567 thousand (€2,817,216 thousand at 31 December 2020).

Depreciation of right-of-use assets in 2021 amounted to €301,200 thousand, of which €293,999 thousand relating to real estate assets.

Almost all leases entered into by the Group concern real estate assets, with the remainder concerning certain transport equipment necessary for the care of patients and residents, amounting to €16.9 million.

At 31 December 2021, changes in right-of-use assets break down as follows:

	Right-of-use assets
At 31 December 2020	**2,817,216**
Increase	208,547
Decrease	(38,693)
Depreciation and charges to provisions	(301,200)
Reclassifications and other	27,432
Changes in scope	359,265
AT 31 DECEMBER 2021	**3,072,567**

3.5 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

At 31 December 2021, investments in associates and joint ventures break down as follows:

Associates and joint ventures *(in thousands of euros)*	**Application of the % holding**	**Based on 100% interest**	**HSI and non-consolidated Belgian companies**	**IDS and real estate companies jointly owned with IDS**	**Real estate companies retained as a result of sale and leaseback transactions**	**Brazil Senior Living**	**Rodevita**	**Dutch companies**	**Senior assisted-living facilities**	**Senior Suites**	**Âge Partenaires**	**Other**
Non-current assets	277,071	643,975	32,761	231,244	151,439	42,567	80,438	9,214	10,012	48,003	27,298	10,999
Current assets	119,978	250,421	11,481	13,338	8,031	8,539	20,718	49,844	99,434	2,282	30,433	6,322
TOTAL ASSETS	**397,049**	**894,396**	**44,242**	**244,582**	**159,470**	**51,106**	**101,156**	**59,059**	**109,445**	**50,285**	**57,730**	**17,321**
Equity	48,293	112,555	6,508	66,769	22,619	20,396	885	(1,431)	65	700	(5,342)	1,385
Non-current liabilities	294,742	670,649	37,754	158,442	131,708	16,021	100,088	13,340	104,371	48,467	46,255	14,202
Current liabilities	54,014	111,192	(21)	19,370	5,143	14,689	182	47,150	5,009	1,119	16,816	1,733
TOTAL EQUITY AND LIABILITIES	**397,049**	**894,396**	**44,242**	**244,582**	**159,470**	**51,106**	**101,156**	**59,059**	**109,445**	**50,285**	**57,730**	**17,321**
Percentage ownership			40%	50%	between 5.2% and 49%	50%	45%	49%	49%	50%	50%	between 28% and 50%
Revenue	66,021	140,818	38,786	3,154	0	29,306	0	28,396	939	12,024	19,684	8,530
INFORMATION ON THE CONSOLIDATED GROUP												
Carrying amount of investments	105,883		636	14,635	14,970	50,959	15	21	100	12,954	84	11,509
Equity-accounted profit/(loss) in previous financial years	20,398		(494)	22,779	0	(1,957)	0	758	0	(433)	0	(255)
Equity-accounted profit/(loss) based on a 100% interest		(2,229)	(698)	6,693	499	(8,316)	0	1,525	0	(2,358)	0	426
Other comprehensive income		0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income		(2,229)	(698)	6,693	499	(8,316)	0	1,525	0	(2,358)	0	426
Share of profit/(loss)	(1,362)		(279)	3,347	(54)	(4,158)	0	747	0	(1,156)	0	191
Assets held for sale (Note 3.9)	(40,761)		0	(40,761)	0	0	0	0	0	0	0	0
Investments in associates and joint ventures	84,157		(138)	0	14,916	44,844	15	1,526	100	11,354	84	11,446
Related-party receivables (Note 3.8)		476,829	136,493	48,518	17,654	962	63,698	50,813	105,095	23,724	13,309	16,564

Based on the value of the individual investments, existing cash flows with these companies and the ORPEA Group's overall strategy in and outside France, management believes that these interests are not material when taken individually.

A provision of €20.7 million was recognised against Brazil Senior Living shares based on the impairment tests that were performed on future cash flows.

Investments held for sale correspond to shares in equity-accounted associates that are earmarked for disposal within 12 months and stood at €40,761 thousand at 31 December 2021.

3.6 NON-CURRENT FINANCIAL ASSETS

The fair value of financial assets and liabilities recognised at amortised cost, particularly for loans and sureties granted by the Group, is equal to the carrying amount of these securities with the exception of bonds, if applicable.

In instances where the Group does not exercise control, joint control or significant influence over the operating or financial decisions of a company in which it has an equity interest, that equity interest is recognised in accordance with the principles applicable to financial assets measured at fair value.

This corresponds either to the stock market price (level 1) for shares listed on an active market, or, in the case of unlisted shares, the estimated fair value determined on the basis of financial criteria most appropriate for the particular situation of each share (level 3).

Non-current financial assets break down as follows:

	31 Dec. 2021	31 Dec. 2020
	Net	**Net**
Non-consolidated investments	2,754	6,972
Loans	45,734	37,900
Deposits and guarantees	46,215	46,080
TOTAL	**94,703**	**90,952**

Non-consolidated investments are investments in companies over which the Group does not exercise any significant influence and investments in mutual banks.

Loans mainly consist of construction loans arranged by French subsidiaries.

Security deposits and guarantees include all types of security deposits and guarantees that the Group may be called upon to provide in the normal course of its business.

3.7 TRADE RECEIVABLES

Allowances are recognised against trade receivables to reflect the best estimate of expected credit losses over their life.

In accordance with IFRS 9, these allowances are recognised during the initial accounting of the corresponding assets. Initial or subsequent evaluations of these expected credit losses are made, either singly or collectively, based on various criteria, including the age of the receivables, past events and current and future economic conditions. Valuation adjustments to trade receivables in light of the expected credit losses over their life are reviewed at each reporting date.

Trade receivables may be sold to banks to raise financing. An analysis is performed to assess whether the risks and rewards incidental to ownership of these receivables are transferred. If this review shows that substantially all these risks and rewards have been transferred, the trade receivables are derecognised and any rights created or retained in connection with the transfer are recognised. Otherwise, the trade receivables continue to be recognised, and a financial liability is recognised in respect of the amount transferred.

At 31 December 2021, no trade receivables had been assigned.

	31 Dec. 2021	**31 Dec. 2020**
Trade receivables	431,630	233,223
TOTAL	**431,630**	**233,223**

The ageing balance of financial assets at 31 December 2021 is broken down as follows:

	31 Dec. 2021	**Receivables not yet due**	**0 to 6 months past due**	**7 to 12 months past due**	**1 to 2 years past due**	**More than 2 years past due**
Trade receivables	489,245	146,797	263,969	18,284	38,500	21,695
Allowances	(57,615)	0	(6,220)	(3,678)	(27,181)	(20,536)
TOTAL	**431,630**	**146,797**	**257,749**	**14,606**	**11,319**	**1,159**

The Group has not identified any major risk of default among its customers and as such has not recognised any material additional impairment losses for losses expected on its receivables pursuant to IFRS 9.

It should be noted that the default risk is limited, given that most nursing home services are billed in advance and that in-hospital services are paid for by health insurance funds and private insurance.

The Covid-19 crisis did not have a material impact on the Group's credit risk.

3.8 OTHER RECEIVABLES, ACCRUALS AND PREPAYMENTS

	31 Dec. 2021	31 Dec. 2020
Development-related receivables	206,999	125,523
Receivables related to disposals of real estate	20,723	25,200
VAT receivables	103,921	87,717
Advances and downpayments made	3,443	4,903
Current accounts (associates and related parties)	476,829	308,291
Interest rate derivatives	5,330	5,292
Miscellaneous receivables	92,463	72,418
Receivables from suppliers	63,837	47,275
Prepaid operating expenses	41,809	41,672
TOTAL	**1,015,354**	**718,290**

Development-related receivables consist mainly of receivables from disposals, advances paid in connection with future acquisitions of operating companies (e.g., acquisition of operating licences) and property developments. They notably include the Group's exposure to other partners in connection with real estate projects for €164 million, of which €112 million in Italy.

VAT receivables arise mainly from property construction projects forming part of the Group's growth strategy.

Shareholder advances consist mainly of amounts paid to equity-accounted entities and are detailed in Note 3.5.

3.9 ASSETS HELD FOR SALE

In accordance with IFRS 5, assets or groups of assets (disposal groups) – particularly properties or facilities which the Group intends to sell within a period of 12 months – are classified under "Non-current assets held for sale and discontinued operations".

Assets are classified as held for sale when the sale is highly probable and the non-current asset or disposal group held for sale meets the classification criteria (in particular, it is immediately available for sale).

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The carrying amount for operating properties is the latest fair value determined in accordance with IAS 16.31 (see Note 3.3).

At 31 December 2021, assets held for sale break down as follows:

	31 Dec. 2021	31 Dec. 2020
Goodwill		58,133
Intangible assets		3,835
Property, plant and equipment	197,275	488,032
Assets in progress	149,916	
Financial assets	40,761	
TOTAL	**387,952**	**550,000**

Assets held for sale in the "Property, plant and equipment" and "Assets in progress" categories mainly concern the following geographical areas:

- France-Benelux-UK-Ireland for €186 million;
- Central Europe for €93 million;
- Iberian Peninsula and Latin America for €50 million;
- Eastern Europe for €18 million.

The other categories concern only the France-Benelux-UK-Ireland area.

3.10 EQUITY

3.10.1 SHARE CAPITAL

	31 Dec. 2021	31 Dec. 2020
Total number of shares	64,640,075	64,631,325
Number of shares issued	64,640,075	64,631,325
Par value *(in euros)*	1.25	1.25
Share capital *(in euros)*	80,800,094	80,789,156
Treasury shares	51,071	37,469

Since 31 December 2020, capital increases and the exercise of stock options have had the following impact on share capital and share premiums:

(in thousands of euros)	Total number of shares	Share capital	Share premiums
Share capital at 31 Dec. 2020	**64,631,325**	**80,789**	**950,586**
Appropriation of 2020 net profit			
Capital increase	8,750	11	(11)
SHARE CAPITAL AT 31 DEC. 2021	**64,640,075**	**80,800**	**950,575**

The capital increases were for free shares that vested under plans that expired during the year.

3.10.2 EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of shares in issue during the financial year, less any treasury shares held and deducted from equity.

Diluted earnings per share take account of all potentially dilutive instruments, such as options, warrants and convertible bonds. Options and warrants are dilutive when their exercise price is lower than the market price.

Weighted average number of shares in issue:

	31 Dec. 2021		31 Dec. 2020	
	Basic	**Diluted**	**Basic**	**Diluted**
Ordinary shares	64,640,075	64,631,780	64,616,643	64,616,643
Treasury shares	51,071	53,606	(41,306)	(41,306)
Other shares		53,405		271,516
Shares resulting from the conversion of OCEANE bonds*				3,450,512
WEIGHTED AVERAGE NUMBER OF SHARES	**64,691,146**	**64,738,791**	**64,575,337**	**68,297,365**

* *The potential number of shares resulting from the conversion of the OCEANE bonds takes into account the adjustment of the conversion ratio from 1.011 to 1.020 following the dividend distribution decided at the Annual General Meeting of 24 June 2021.*

Basic earnings per share:

	2021		2020	
(in euros)	**Basic**	**Diluted**	**Basic**	**Diluted**
Attributable net profit	1.01	1.01	2.48	2.44

3.10.3 TREASURY SHARES

ORPEA SA shares held by the parent company are recognised at cost as treasury shares and deducted from equity until such time as they are sold.

Gains or losses on the sale of treasury shares are added to or deducted from consolidated reserves net of tax.

The Annual General Meeting has authorised a share buyback programme.

Stock options are granted to certain Group employees.

In accordance with IFRS 2: – *Share-based Payment*, plans set up after 7 November 2002 are measured at the award date and are recognised under personnel expenses over the period during which rights vest with grantees. This expense, which represents the option's market value at the award date, is recognised as an increase in equity.

The fair value of options and rights is determined by actuaries using pricing models based on the characteristics of the plan and market data at the award date.

This programme has a number of aims, including to allow the ORPEA Group to maintain the liquidity of and stimulate trading in its shares, to optimise its capital management and to grant shares to employees including under free share plans.

At 31 December 2021, the Group held 51,071 treasury shares.

The Board of Directors approved the introduction of free share plans for corporate officers and certain employees of ORPEA and affiliated companies. These plans are as follows:

	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15
Date of Annual General Meeting	28/6/2018	28/6/2018	28/6/2018	28/6/2018	28/6/2018	23/6/2020	23/6/2020	23/6/2020	23/6/2020
Date of Board of Directors' meeting	28/6/2018	28/6/2018	27/6/2017	28/6/2018	28/6/2018	23/6/2020	N/A	N/A	24/06/2021
Decisions taken by the Chief Executive Officer	1/2/2019	1/2/2019	N/A	1/2/2020	1/2/2020	N/A	N/A	N/A	N/A
Maximum total number of free shares that can be awarded	66,105	1,025	45,279	70,315	540	28,374	84,523	840	13,271
Vesting date of the shares	2/5/2022	2/5/2022	27/6/2022	2/5/2023	2/5/2023	23/6/2023	2/5/2024	2/5/2024	24/6/2024
End date of lock-up period	2/5/2022	2/5/2022	27/6/2022	2/5/2023	2/5/2023	23/6/2023	2/5/2024	2/5/2024	24/6/2024
Performance conditions	Change in revenue and NOP	Change in the ORPEA share price including dividends	Change in the ORPEA share price including dividends	Change in revenue and NOP	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys	Change in revenue and NOP	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys
Number of shares vested at 31 December 2021	118	N/A	N/A	120	N/A	N/A	N/A	N/A	N/A
Total number of lapsed shares	N/A	1,025	6,900	N/A	N/A	8,647	N/A	N/A	N/A
Free shares awarded but not vested at 31 December 2021	65,987	0	38,379	70,195	540	19,727	84,523	840	13,271

The fair value under IFRS 2 of the benefits provided to the grantees was measured by an independent actuary for each plan. This takes into account the market value of the shares, less a discount to reflect the fact that no dividend is paid until the end of the vesting period and that shares may not be sold for two years following the vesting date. The total expense is then calculated taking into account the probability that grantees will remain with the Group and the probable number of shares that they will be granted according to whether the performance criteria are satisfied.

The fair value of the plans (excluding social security contributions) under IFRS 2 amounted to €26 million. The amount expensed in 2021 was €7 million (excluding social security contributions).

3.10.4 DIVIDENDS

The Annual General Meeting on 24 June 2021 approved the payment of a dividend of €0.90 per share in respect of 2020, representing a total payout of €58,168,193 in July 2021.

3.11 PROVISIONS

The Group sets aside a provision where it has a present obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of this obligation can be estimated reliably.

Where this liability is not probable and the amount of the obligation cannot be measured sufficiently reliably, but an outflow may be required to settle the obligation, the Group recognises a contingent liability.

Provisions related to the operating cycle are classified as current regardless of their probable reversal date. They primarily concern employee-related risks and are estimated by the employee affairs department based on the Group's exposure and the status of any proceedings.

Provisions that are not directly related to the operating cycle and have a probable reversal date of over one year are classified as non-current. They mainly comprise provisions for litigation, taxes and related items, onerous contracts and restructuring.

Group companies frequently undergo tax audits. Most of the reassessments notified by the tax authorities have been challenged by these companies, and so no provisions have been set aside for these reassessments. Tax reassessments that are not challenged are recognised in the financial year in which they are received.

The portion of provisions due in less than one year at 31 December 2021 totalled €22.5 million, breaking down into €18 million for labour disputes and €4.5 million for restructuring.

Provisions break down as follows:

(in thousands of euros)	31 Dec. 2020	Changes in scope and other	Equity	Reclassifications	Charges	Reversals: Utilised provisions	Reversals: Surplus provisions	31 Dec. 2021
Provisions for contingencies	49,108			(355)	97,718	(10,611)	(7,262)	128,598
Provisions for restructuring	66,471	9,138			286	(22,730)	(10,862)	42,303
TOTAL	**115,580**	**9,138**	**0**	**(355)**	**98,003**	**(33,340)**	**(18,134)**	**170,900**
Post-employment benefit obligations	99,243	2,488	(33,177)	205	7,432	(1,156)	(2)	75,035

PROVISION FOR LIABILITIES BOOKED FOLLOWING THE IGAS-IGF REPORT AND THE GOVERNMENT'S ANNOUNCEMENT OF THE REFERRAL OF THE CASE TO THE PUBLIC PROSECUTOR

In view of the events in January and February 2022 recalled below, events which occurred before the 2021 accounts closing and which relate to items dating prior to 31 December 2021, a provision was booked for €83.2 million at end-2021 in accordance with IAS 37.

The risk identified is limited to the period 2017-2021, corresponding to the period covered by the IGAS and IGF reviews, i.e., 2017-2020, and extrapolated to 2021.

2017 represents the date as of which the French law on adapting society to an ageing population ("ASV law") came into force. This law defines the creation of multi-year health performance and resources contracts ("CPOM"), along with a five-year convergence period to implement additional resources.

The amount recognised at 31 December 2021 is management's best estimate of the likely outflow of resources based on facts and circumstances known at that date.

The €83.2 million provision booked at 31 December 2021 can be analysed by type of risk as follows:

- risk arising on discrepancies between sums paid by the Government for medical and personal care and the resources implemented by the Group between 2017 and 2020: €19.8 million;
- risk arising on discrepancies between sums paid by the Government for medical and personal care and the resources implemented by the Group in 2021 before submitting its revenue and expenditure statements (ERRD): €39.1 million, including the allocation of €3.5 million for 2021 in the revenue and expenditure statements corresponding to fees for medical and personal care under supplier contracts;
- risk arising on fees on services under supplier contracts in the medical and personal care sector: €18.4 million;
- risk arising on allocations likely to be considered as non-compliant in the revenue and expenditure statements for the care and dependency sector: €5.9 million.

POST-EMPLOYMENT BENEFIT OBLIGATIONS

In France, the Group primarily applies the FHP (*Fédération de l'Hospitalisation Privée* – French private hospitals federation) collective bargaining agreement of 18 April 2002 for the private healthcare sector. This provides for payment of a lump-sum benefit upon retirement based on the employee's length of service, grade and salary at retirement date.

No other post-employment or long-term benefits are granted to employees in service.

Outside France, the Group applies the relevant local provisions in each country. It operates defined benefit pension plans only in Switzerland, Austria and for certain facilities in Germany and Italy.

The Group's post-employment benefit obligations are calculated on the basis of actuarial estimates and using the projected unit credit method Actuarial assumptions include staff turnover, salary increases, inflation and life expectancy.

The actuarial obligation is provided for, less any plan assets measured at fair value.

Cumulative actuarial gains and losses arising from experience adjustments or the effects of changes in financial, economic or demographic assumptions (change of discount rate, annual salary increases, length of service, etc.) are recognised immediately in the Group's obligation with a corresponding amount in a separate component of equity ("Other reserves"), in accordance with IAS 19 (revised).

Current and any past service cost is recognised as an operating expense.

Interest cost and expected return on plan assets, calculated at the same rate, are recognised in net financial expense.

The impact on the Group's financial statements of applying the IFRS IC's April 2021 agenda decision on attributing benefit to periods of service is not material.

The provision for post-employment benefit obligations breaks down as follows:

(in thousands of euros)	**31 Dec. 2021**	**31 Dec. 2020**
France	44,674	44,760
International	30,361	54,483
TOTAL	**75,035**	**99,243**

Movements in post-employment benefit obligations in France break down as follows:

	31 Dec. 2021			31 Dec. 2020		
(in thousands of euros)	**Provision recognised**	**Income statement**	**Equity**	**Provision recognised**	**Income statement**	**Equity**
Beginning of period	**(44,760)**			**(40,739)**		
Current service cost	(4,043)	(4,043)		(3,451)	(3,451)	
Interest cost (unwinding of the discount)	(153)	(153)		(304)	(304)	
Expected return on plan assets						
Employer contributions						
Actuarial gains and losses	659		659	(2,913)		(2,913)
Benefits paid	3,846			2,869		
Changes in scope	(224)			(853)		
Other				630		
END OF PERIOD	**(44,674)**	**(4,196)**	**659**	**(44,760)**	**(3,754)**	**(2,913)**

Movements in post-employment benefit obligations outside France break down as follows:

	31 Dec. 2021			31 Dec. 2020		
(in thousands of euros)	**Provision recognised**	**Income statement**	**Equity**	**Provision recognised**	**Income statement**	**Equity**
Beginning of period	**(54,483)**			**(46,608)**		
Current service cost	(5,325)	(5,325)		(3,475)	(3,475)	
Interest cost (unwinding of the discount)						
Expected return on plan assets						
Employer contributions						
Actuarial gains and losses	32,518		32,518	(5,528)		(5,528)
Past service cost	1,094					
Changes in scope	(2,264)					
Currency translation adjustments	(1,688)			(149)		
Other	(212)			1,278		
END OF PERIOD	**(30,361)**	**(5,325)**	**32,518**	**(54,483)**	**(3,475)**	**(5,528)**

The main actuarial assumptions adopted at 31 December 2021 are as follows:

	31 Dec. 2021		31 Dec. 2020	
	France	**International**	**France**	**International**
Discount rate	0.98%	between 0.85% and 1.20%	0.35%	between 0.85% and 1.20%
Annual rate of salary increases taking into account inflation	2.00%	between 1.25% and 1.75%	2.00%	between 1.25% and 1.75%
Expected return on plan assets	N/A	between 1% and 1.20%	N/A	between 1% and 1.20%
Retirement age	65	65	65	65
Social security contribution rate	average actual rate		average actual rate	

3.12 DEBT AND CASH

Debt is recognised at nominal value net of any associated transaction costs, which are deferred over the life of the liability in net financial expense using the effective interest method.

If future interest expense is hedged, the debt is still measured at amortised cost, and the change in fair value of the effective portion of the hedging instrument is recognised in equity.

Changes in fair value of derivatives not held for hedging and the ineffective portion of hedging instruments are recognised in net financial expense.

Net debt comprises short- and long-term financial liabilities less the value of short-term investments and cash at that date.

It includes property bridging loans allocated specifically to finance operating properties recently acquired or under construction.

ORPEA's net debt breaks down as follows:

(in thousands of euros)	**Net 31 Dec. 2021**	**Net 31 Dec. 2020**
Bond issues	2,106,439	1,461,260
Lease commitments	875,073	882,779
Bridging loans	550,730	497,171
Other borrowings and debt	5,330,056	4,701,200
TOTAL GROSS DEBT	**8,862,299**	**7,542,410**
Cash	(940,782)	(878,456)
Cash equivalents	(11,586)	(10,380)
TOTAL NET DEBT	**7,909,930**	**6,653,574**

Movements in debt were as follows:

(in thousands of euros)	**31 Dec. 2020**	**Increase**	**Decrease**	**Changes in scope**	**31 Dec. 2021**
Bond issues	1,461,260	654,637	(9,457)		2,106,439
Lease commitments	882,779	142,789	(159,908)	9,412	875,073
Bridging loans	497,171	446,156	(392,598)		550,730
Other borrowings and debt	4,701,200	1,516,022	(982,213)	95,047	5,330,056
TOTAL GROSS DEBT	**7,542,410**	**2,759,604**	**(1,544,176)**	**104,459**	**8,862,299**
Cash and cash equivalents	(888,836)	(63,532)			(952,369)
TOTAL NET DEBT	**6,653,574**	**2,696,072**	**(1,544,176)**	**104,459**	**7,909,930**

Debt net of cash breaks down by maturity as follows:

	31 Dec. 2021	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
Bond issues	2,106,439	62,933	759,357	1,284,149
Lease commitments	875,073	177,996	468,811	228,267
Bridging loans	550,730	550,625	105	0
Other borrowings and debt	5,330,056	1,063,971	3,011,288	1,254,796
TOTAL GROSS DEBT	**8,862,299**	**1,855,524**	**4,239,561**	**2,767,213**
Cash and cash equivalents	(952,369)	(952,369)		
TOTAL NET DEBT	**7,909,930**	**903,155**	**4,239,561**	**2,767,213**

Debt maturing in more than one year but less than five years breaks down as follows:

	More than 1 year and less than 5 years	2023	2024	2025	2026
Bond issues	759,357	(1,157)	211,841	468,399	80,275
Lease commitments	468,811	151,186	130,269	109,830	77,526
Bridging loans	105	105			0
Other borrowings and debt	3,011,288	854,087	746,432	624,371	786,398
TOTAL GROSS DEBT	**4,239,561**	**1,004,220**	**1,088,542**	**1,202,601**	**944,199**

GROUP FINANCING POLICY

The Group's development is generated by operating and real-estate investments.

These investments are partly financed by diversified external resources:

- bilateral bank loans repayable over five, six or seven years allocated to the acquisition of facilities in service, operating licences, stakes in operating companies, etc.;
- property bridging loans made up of financing lines dedicated to a specific project as well as general credit lines to pre-finance properties recently acquired or under redevelopment or construction while awaiting refinancing;
- leases and mortgage loans payable over 12 to 15 years, contracted to finance or refinance dedicated property transactions;
- public or private bonds as well as *Schuldscheindarlehen*, the revenue from which is generally allocated to property investments.

To finance its development, the Group also divests properties to real-estate investors, real-estate funds, etc. (see Note 3.9).

GROUP LIQUIDITY AT THE BEGINNING OF 2022

The crisis affecting ORPEA in France at the beginning of 2022 has strained the Group's refinancing arrangements and led to the closing off of the bond financing markets.

As a result, the bond financing planned by ORPEA SA for the first half of 2022 could not be completed.

The Group immediately took the decision to reduce its investment and external growth plans while continuing with the projects already in progress at 31 December 2021.

At the same time, ORPEA SA decided to put in place a global financing line with its core banking partners to provide it with liquidity in 2022 and 2023 until the markets are once again available to fund its development (see Note 2.2 "New funding and conciliation procedure").

The Group also decided to accelerate its asset disposal programme.

BANK COVENANTS

Since 31 December 2006, all bilateral borrowings as well as *Schuldscheindarlehen* subscribed by the Group, are subject to the following contractually agreed covenants:

$$R1 = \frac{\text{consolidated net debt (excluding real estate debt)}}{\text{consolidated EBITDA - 6\% real estate debt}}$$

and

$$R2 = \frac{\text{consolidated net debt}}{\text{Equity + quasi equity (i.e., deferred tax liabilities linked to the measurement of intangible operating assets under IFRS in the consolidated financial statements)}}$$

At 31 December 2021, these ratios were at 1.6x and 1.8x respectively, within the required limits of 5.5x for R1 and 2.0x for R2 at 31 December 2021.

After neutralising the IFRS 16 effect, the R1 and R2 ratios were 3.7x and 1.7x, respectively.

BOND DEBT

In 2018, the Group completed an inaugural public bond offering of €400 million, maturing in seven years (due in March 2025) with an annual fixed-rate coupon of 2.625%.

In May 2019, ORPEA issued €500 million of eight-year OCEANE bonds (bonds convertible to and/or exchangeable for new or existing shares, due in May 2027), with an annual fixed-rate coupon of 0.375%.

On 1 April 2021, ORPEA SA issued a public non-convertible seven-year bond for €500 million.

This is ORPEA's first sustainable (Environmental and Social) public bond issue aimed at financing the development of selective assets.

In 2021, ORPEA SA completed three private bond placements for an amount of €145.5 million, with maturities of 8, 12 and 20 years.

OTHER BORROWINGS AND DEBT

Mortgage debt

The ORPEA Group regularly takes out mortgage loans, generally with a 12-year maturity and a 70% LTV.

Schuldscheindarlehen and *Namensschuldverschreibung*

In 2021, the ORPEA Group subscribed to €462 million of *Schuldscheindarlehen* and *Namensschuldverschreibung* notes.

Unsecured bilateral debt

Unsecured bilateral debt is classified as "Other borrowings and financial debt", with €461 million subscribed in 2021.

SHORT-TERM DEBT SECURITIES

To optimise the cost of its cash flow, the ORPEA Group launched a commercial paper (NEU CP) programme in the first half of 2021 for €300 million, secured by its authorised and undrawn three-year credit facilities (RCF).

At 31 December 2021, the amount issued under this programme stood at €300 million.

FINANCING SECURED BY RECEIVABLES

Where the opportunity arises, the Group may secure financing lines through the sale of receivables.

At 31 December 2021, the Group had a €128 million financing line secured by receivables with a variety of health insurance funds.

This financing is recognised as debt.

CASH

"Cash and cash equivalents" consist of cash in hand and at bank and short-term investments that are highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Financial assets and liabilities may be offset subject to the conditions laid down in IAS 32.

Cash and cash equivalents comprise balances on bank accounts, cash in hand, term deposits of less than three months and debt securities traded on official markets that are subject to an insignificant risk of a fall in value, which are measured at fair value, with any changes recognised in profit or loss.

At 31 December 2021, ORPEA's cash and cash equivalents consisted of €11,586 thousand in non-speculative short-term investments such as term deposits with first-rate financial institutions and €940,782 thousand in bank credit balances.

3.13 FINANCIAL INSTRUMENTS

The Group uses various financial instruments to hedge its exposure to interest rate and currency risk. They are over-the-counter instruments arranged with blue chip counterparties.

Interest rate derivatives are recognised under "Other current assets and liabilities" and "Other non-current liabilities", depending on their maturity, and measured at fair value at the transaction date (see Note 3.13.1 "Interest rate risk management strategy").

Currency derivatives are recognised under "Other current assets and liabilities" and measured at fair value at the transaction date (see Note 3.13.2 "Currency risk").

3.13.1 INTEREST RATE RISK

Interest rate risk management strategy

49.5% of the Group's debt consists of debt carrying floating rates of interest, and is exposed to the risk of an increase in short-term rates in the eurozone.

The Group's strategy is to hedge a very large proportion of its consolidated net debt against the risk of fluctuations in floating interest rates. To do so, it uses financial instruments to hedge its floating-rate financial liabilities. These include:

- interest rate swaps under which it receives mainly three-month Euribor and pays a fixed rate specific to each contract; and
- interest rate options (caps, collars, etc.).

The Group applies hedge accounting under IFRS 9, and these transactions qualify as future cash flows. Unrealised gains and losses arising from the re-measurement of these derivatives at market value are recognised in equity at the end of the reporting period, except for the time value at the inception of options, which is amortised in profit and loss over the effective lives of the instruments, in accordance with the "hedging cost" approach under IFRS 9.

The use of these hedges to curb interest rate risk exposes the Group to counterparty risk. Counterparty risk is the risk of having to replace a hedge at going market prices should a counterparty default. The Group's analysis did not identify any material impact arising from this risk.

Interest rate derivatives

At 31 December 2021, the derivatives portfolio included fixed-for-floating interest rate swaps (mainly three-month Euribor) and interest rate options (caps). These derivatives have either a constant or decreasing nominal profile.

At 31 December 2021, the maturity profile of the interest rate derivatives was as follows:

	Maturity profile				
	2022	**2023**	**2024**	**2025**	**2026**
Average notional amount *(in millions of euros)*	3,537	3,521	3,524	2,642	360
Interest rate	0.6%	0.7%	0.9%	1.1%	1.5%

	31 Dec. 2021	**2022**	**2023**	**2024**	**2025**	**2026**	**More than 5 years**
Current liabilities	37,283	37,283					
Non-current liabilities	81,328		25,829	28,152	22,047	4,130	1,170
INTEREST RATE DERIVATIVES	**118,611**	**37,283**	**25,829**	**28,152**	**22,047**	**4,130**	**1,170**

At the end of 2020, the maturity profile of the interest rate derivatives was as follows:

	Maturity profile				
	2021	**2022**	**2023**	**2024**	**2025**
Average notional amount *(in millions of euros)*	3,528	3,529	3,510	3,515	2,634
Interest rate	0.6%	0.6%	0.7%	0.9%	1.1%

	31 Dec. 2020	**2021**	**2022**	**2023**	**2024**	**2025**	**More than 5 years**
Current liabilities	40,973	40,973					
Non-current liabilities	202,283		42,174	44,609	55,060	46,536	13,904
INTEREST RATE DERIVATIVES	**243,256**	**40,973**	**42,174**	**44,609**	**55,060**	**46,536**	**13,904**

Accumulated changes in the fair value of these hedging derivatives, representing a negative amount of €113 million at 31 December 2021, were also recognised under interest rate hedging reserves in equity in a negative amount of €114 million, and through financial income for €1 million.

Accumulated changes in the fair value of these hedging derivatives, representing a negative amount of €192.0 million at 31 December 2020, were recognised under interest rate hedging reserves in equity in a negative amount of €192.6 million, and through financial income for €0.6 million.

Analysis of sensitivity to fluctuations in interest rates

Analyses are performed based on the assumption of a 1% increase or decrease in the three- and six-month Euribor yield curves, which are the only significant indices for the Group. A 1% increase is a high assumption considering that the ECB continues to keep rates stable in the short term and that inflation risks in the eurozone are unlikely to see a bigger increase in the long term.

The fair value of derivatives is sensitive to changes in the yield curve and volatility trends. Volatility is assumed to remain unchanged for the purposes of this analysis.

At 31 December 2021, net debt amounted to €7,910 million, with approximately 50.5% arranged at fixed rates and the remainder at floating rates.

Including the impact of hedges:

- a 1% (100 basis point) rise in the yield curve would decrease the Group's financial expense by €2.6 million (before tax and capitalisation of financial expenses);
- the impact of a 0.1% drop (10 basis points) would increase financial expenses by €2.4 million.

Movements in the future cash flow hedging reserve

(in thousands of euros)	**31 Dec. 2021**
Revaluation reserve at beginning of period	(179,306)
New instruments	
Impact on net profit	(3,339)
Change in equity	82,121
REVALUATION RESERVE AT END OF THE PERIOD	**(100,524)**

3.13.2 CURRENCY RISK

The Group uses forward currency purchases and sales to hedge its future transactions in foreign currencies. To this end, forward currency agreements were entered into with blue chip counterparties under which euro sums are swapped for an amount in a foreign currency at a pre-agreed rate and date.

The Group decided not to qualify these transactions as a hedging relationship.

The principal characteristics of these instruments are as follows:

(in thousands of euros)	**Notional amount** *(in thousands of currency)*	**Market value at 31 Dec. 2021** *(in thousands of euros)*
Currency forwards (CHF)	171,343	(5,239)
Currency forwards (CZK)	1,445,776	(1,351)
Currency forwards (PLN)	283,990	5
Currency forwards (AED)	24,100	(69)
Currency forwards (RUB)	86,190	12
Currency forwards (SGD)	700	(7)
Currency forwards (HRK)	74,150	6
Currency forwards (MXN)	61,900	67
TOTAL		**(6,577)**

All these currency hedging instruments mature in the first quarter of 2022.

3.13.3 VALUE OF NON-DERIVATIVE FINANCIAL ASSETS

(in thousands of euros)	**31 Dec. 2021**	**31 Dec. 2020**
Investments in subsidiaries	2,754	6,972
Other non-current financial assets	45,734	37,900
Deposits and guarantees	46,215	46,080
Cash equivalents	11,586	10,380
NON-DERIVATIVE FINANCIAL INSTRUMENTS	**106,289**	**101,332**

3.14 LEASE COMMITMENTS

To determine the incremental debt rate used when discounting flows, the Group has adopted a rate based on its incremental borrowing rate, the remaining term of leases and the impact of geographical areas to reflect the risks specific to each country. For Europe, for example, the discount rates used are between 1.53% and 3.68%.

The lease term corresponds to the non-cancellable period, plus (or minus) the periods covered by a renewal (or termination) option when the Group is reasonably certain to exercise such an option. Enforceable terms vary widely from one geographical area to another, depending on typical legal terms (for example, nine-year commercial leases in France with the option to terminate at the end of each three-year period, or emphyteutic leases in Belgium). The Group exercises its judgement to determine the term of a lease and the likelihood of exercising the options. Enforceable terms are reviewed annually in line with the Group's strategic intentions. The average duration of property leases is 9.3 years.

The breakdown by maturity of lease commitments is as follows:

	31 Dec. 2021	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Lease commitments under IFRS 16	3,265,196	297,098	1,051,124	1,916,974
TOTAL	**3,265,196**	**297,098**	**1,051,124**	**1,916,974**

Changes in lease commitments break down as follows:

	Lease commitments
At 31 December 2020	**2,986,531**
Discount	80,163
New agreements	210,045
Repayments	(359,309)
Decreases	(41,585)
Reclassifications and other	30,086
Changes in scope	359,265
AT 31 DECEMBER 2021	**3,265,196**

3.15 TRADE PAYABLES

	31 Dec. 2021	31 Dec. 2020
Trade payables	334,797	310,420
TOTAL	**334,797**	**310,420**

The Group does not have any reverse factoring arrangements for its trade payables.

3.16 TAX AND PAYROLL LIABILITIES

	31 Dec. 2021	31 Dec. 2020
Employee-related liabilities	185,439	144,107
Social security liabilities	101,862	138,257
Tax liabilities	41,806	28,541
TOTAL	**329,107**	**310,905**

3.17 OTHER PAYABLES, ACCRUALS AND PREPAYMENTS

	31 Dec. 2021	31 Dec. 2020
Development-related liabilities	220,156	281,098
Security deposits	62,656	56,983
Commitments to carry out work on buildings sold	252	630
Customer accounts in credit	93,489	99,551
Other prepaid income	68,124	49,599
Interest rate derivatives	37,283	40,973
Currency derivatives	6,577	969
Advances and downpayments received on orders in progress	1,866	16,997
Current accounts (associates and related parties)	13,125	899
Miscellaneous	129,767	83,748
TOTAL	**633,297**	**631,448**

Development-related liabilities mainly comprise the deferred payment on exercising the put on non-controlling interests in Dagelijks Leven and the earn-outs from shares in France Senior, Axion, Allerzorg, September and SIS Brasil.

Security deposits mainly comprise the sums paid by residents at the beginning of their stay.

3.18 REVENUE

Revenue mainly comprises payment for accommodation and care services provided to residents and patients. Revenue is recognised when the service is provided.

The only seasonal effect is the number of business days, which is higher in the second half of each year than in the first.

In 2021, revenue amounted to €4,299 million, up 9.6% compared with 2020, an increase of €376 million.

The Group has expanded through a combination of organic growth and acquisitions.

ORGANIC GROWTH

Organic revenue growth for 2021 was 5.1%.

Organic growth in revenue reflects the following factors:

- the year-on-year change in the revenue of existing facilities as a result of changes in their occupancy rates and per diem rates;
- the year-on-year change in the revenue of redeveloped facilities or those where capacity has been increased in the current or year-earlier period;
- revenue generated in the current period by facilities created during the current period or year-earlier period, and the change in revenue of recently acquired facilities by comparison with the previous equivalent period.

ACQUISITIONS

This includes acquisitions of facilities in operation or under development (directly or indirectly through companies).

3.19 SEGMENT INFORMATION

Segment information is provided for the segments used by management to analyse its activity and monitor its development. The operating segments are presented by geographical area:

- France-Benelux-UK-Ireland: France, Belgium, Luxembourg, the Netherlands, the United Kingdom and Ireland;
- Central Europe: Germany, Italy and Switzerland;
- Eastern Europe: Austria, Poland, Czech Republic, Slovenia, Latvia and Croatia;
- Iberian Peninsula and Latin America: Spain, Portugal, Brazil, Uruguay, Chile, Mexico and Colombia;
- Rest of the World: China.

	2021	2020
REVENUE		
France-Benelux-UK-Ireland	2,643,200	2,363,931
Central Europe	1,086,028	1,010,614
Eastern Europe	395,218	365,557
Iberian Peninsula and Latin America	171,063	179,056
Rest of the World	3,064	3,235
Total	**4,298,574**	**3,922,392**
RECURRING OPERATING PROFIT BEFORE RENTS AND BEFORE DEPRECIATION, AMORTISATION AND CHARGES TO PROVISIONS		
France-Benelux-UK-Ireland	694,426	632,426
Central Europe	283,887	269,125
Eastern Europe	60,850	52,511
Iberian Peninsula and Latin America	31,930	9,548
Rest of the World	(910)	(639)
Total	**1,070,183**	**962,970**
ASSETS		
France-Benelux-UK-Ireland	14,234,305	12,984,406
Excluding France Benelux	4,750,022	3,982,096
Total	**18,984,327**	**16,966,502**
LIABILITIES EXCLUDING EQUITY		
France-Benelux-UK-Ireland	11,133,701	9,943,745
Excluding France Benelux	4,039,398	3,532,798
Total	**15,173,099**	**13,476,543**

The costs of acquiring segment assets are disclosed in Note 2.1.

3.20 RECURRING OPERATING PROFIT

Recurring operating profit breaks down as follows:

(in thousands of euros)	**2021**	**2020**
Revenue	4,298,574	3,922,392
Purchases used and other external costs before rental expenses	(815,753)	(712,344)
Personnel expenses	(2,428,888)	(2,210,306)
Taxes other than on income	(128,144)	(135,540)
Other recurring operating income	337,396	105,062
Other recurring operating expense	(193,002)	(6,294)
Recurring operating profit before rents and before depreciation, amortisation and charges to provisions	**1,070,183**	**962,970**
Rental expenses	(29,483)	(36,493)
Depreciation, amortisation and charges to provisions	(644,973)	(503,574)
RECURRING OPERATING PROFIT	**395,727**	**422,903**

In 2021, other recurring income and expense also included gains and losses on the disposal of fixed assets, representing €196 million recorded in recurring operating income and €192 million shown in recurring operating expense.

Depreciation, amortisation and charges to provisions include the €83.2 million provision accrued following the IGAS-IGF report (see Note 3.11).

3.21 OTHER NON-RECURRING OPERATING INCOME AND EXPENSE

Other non-recurring operating income and expense comprises:

- the Group's development expenses and redevelopment costs for recently acquired facilities;
- income and expenses related to business combinations: transaction costs, negative goodwill;
- impairment of intangible assets and goodwill.

Other non-recurring operating income and expense for the year were as follows:

(in thousands of euros)	**2021**	**2020**
Proceeds from disposals	0	181,037
Cost price of disposals	0	(161,666)
Reversals of provisions	12,685	10,233
Charges to provisions	(43,798)	(6,712)
Other income	80,617	87,601
Other expenses	(90,572)	(66,404)
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	**(41,068)**	**44,089**

Charges to provisions include €16.5 million for impairment of cash-generating units, €12 million for goodwill, €7 million for receivables and €3 million for property.

In 2021, other non-recurring income mainly comprised proceeds from acquisitions in the context of business combinations, of which €34 million related to step acquisitions, €15 million to contingent consideration and €23 million to negative goodwill. Other non-recurring expenses mainly comprised expenses relating to the redevelopment of recently-acquired facilities for €10 million, €40 million in other development costs, €13 million in write-downs of receivables, €8 million in abandoned projects and €6.5 million in miscellaneous expenses in Central Europe.

3.22 FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	2021	2020
Interest on bank debt and other financial liabilities	(127,921)	(157,784)
Interest on items held under finance leases	(14,056)	(13,608)
Net losses on interest rate derivatives	(38,872)	(28,826)
Financial expenses on lease commitments	(80,164)	(72,608)
Financial expense	**(261,013)**	**(272,827)**
Interest income	433	386
Capitalised financial expenses*	11,683	15,782
Financial income	**12,116**	**16,168**
NET FINANCIAL EXPENSE	**(248,897)**	**(256,659)**

* *Calculated at an average rate of 2.75% in 2021 on constructions in progress.*

3.23 INCOME TAX EXPENSE

(in thousands of euros)	2021	2020
Current income tax	(63,353)	(76,256)
Deferred taxes	25,814	23,672
TOTAL	**(37,539)**	**(52,584)**

Pursuant to IAS 12, the income tax expense includes the CVAE value-added levy of €14,985 thousand.

The CFE (*Cotisation Foncière des Entreprises*) levy is recognised as a recurring operating expense in taxes other than on income.

Deferred tax assets/(liabilities) break down by type of temporary difference as follows:

(in thousands of euros)	2021	2020
Fair value of intangible assets	(606,057)	(575,549)
Fair value of property, plant and equipment*	(661,225)	(588,340)
Capitalisation of leases	(184,812)	(159,581)
Temporary differences	(6,340)	(9,460)
Tax loss carryforwards	67,581	73,959
Deferral of capital gains tax on disposals	(13)	61
Employee benefits	10,975	11,485
CVAE value-added levy on businesses**	(3,272)	(3,434)
Financial instruments and other	146,341	123,923
TOTAL	**(1,236,823)**	**(1,126,937)**

* *Of which €459 million in deferred taxes related to the revaluation of properties (see Note 3.3.2).*
** *Deferred taxes recognised in accordance with IAS 12 on property, plant and equipment and intangible assets with a finite useful life of French companies subject to the CVAE value-added levy on businesses with effect from 1 January 2010.*

Deferred taxes arising on temporary differences between the tax base and accounting base of consolidated assets and liabilities are recognised using the liability method at the rates enacted or substantially enacted at the reporting date. The tax rates used are based on the expected timing of the reversal of the temporary differences, tax losses and other tax credits. The impact of a change in tax rate is recognised in profit or loss for the period, or in equity, depending on the item to which it relates.

Most deferred taxes arise from the revaluation of operating licences and revaluations of the Group's real estate properties in accordance with IAS 16 (see Note 3.3).

Deferred tax assets arising on tax loss carryforwards are recognised if there is a reasonable probability that they will reverse in the foreseeable future, based on projections of future taxable profits on the businesses that gave rise to the original losses.

Deferred taxes are not discounted.

A provision is set aside for any taxes that may be due by the Group on dividend payments made by subsidiaries if the dividend payment has been formally agreed at the reporting date.

Deferred tax assets and liabilities are netted by tax entity when they are expected to reverse in the same period.

Current and/or deferred taxes are recognised in profit or loss for the period except when they arise on a transaction or event recognised directly in equity.

Deferred taxes calculated based on the IFRS measurement of intangible operating assets came to €606 million at 31 December 2021.

Deferred tax assets and liabilities and other non-current liabilities break down as follows:

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
IFRS 16	47,929	42,152
Tax loss carryforwards	67,581	73,959
Total deferred tax assets	115,510	116,111
Deferred tax liabilities	(1,352,332)	(1,243,048)
Interest rate derivatives (non-current)	(81,328)	(202,283)
TOTAL DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT LIABILITIES	**(1,433,660)**	**(1,445,331)**

The difference between the statutory tax rate, i.e., 28.41% at 31 December 2021, and the effective tax rate in the income statement, breaks down as follows:

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Effective tax rate	**35.96%**	**24.82%**
Permanent differences	1.07%	1.92%
Business combinations	6.34%	6.68%
Impact of taxation at reduced rates	5.45%	2.08%
Impact of associates	-0.32%	0.23%
Impact of foreign companies	-12.20%	3.22%
Other	-2.52%	-0.47%
CVAE value-added levy on businesses	-5.37%	-6.46%
STATUTORY TAX RATE	**28.41%**	**32.02%**

4. Additional information

4.1 COMMITMENTS AND CONTINGENT LIABILITIES

4.1.1 OFF-BALANCE SHEET COMMITMENTS

Risks related to debt

(in thousands of euros)	31 Dec. 2021	31 Dec. 2020
Contractual commitments	3,032,759	2,376,746
CONTRACTUAL COMMITMENTS	**3,032,759**	**2,376,746**

Pledges, mortgages, security deposits and other collateral account for most of the debt-related commitments.

Commitments relating to the Group's operating activities

The main commitments are:

Commitments relating to companies accounted for using the equity method

The following respective commitments have been given concerning the potential acquisition of a 100% interest in 50%-held Brazil Senior Living:

- ORPEA has received a promise to sell and given a promise to buy at the 2023 year-end reporting date with conditions;
- ORPEA has received a promise to sell and given a promise to buy at the 2024 year-end reporting date.

The following respective commitments have been entered into concerning the potential acquisition of a 100% interest in 50%-held Senior Suites:

- ORPEA has received a promise to sell from the other shareholders up to 31 July 2024;
- ORPEA has given a promise to buy out the other shareholders between 1 January and 31 July 2024;
- the seller has given a promise to buy out the other shareholders between 1 August 2024 and 31 July 2025.

Commitments related to controlled companies

With regard to the 90.75% stake in Dagelijks Leven, the ORPEA Group has undertaken to acquire the remaining 9.25% during 2022.

Commitments received

The Group also holds options to buy real-estate assets currently leased in Belgium.

4.1.2 CONTINGENT LIABILITIES

Overall, management believes that the provisions recognised in the balance sheet for disputes involving the Group of which it is aware should be sufficient to cover its exposure to risks.

As explained in Note 2.2 "Subsequent events", ORPEA has taken note of the announcement by the Government of its decision to transmit to the public prosecutor the report of the investigation carried out by the IGAS and the IGF in February and March 2022. Since April 2022, lawyers claiming to represent the families of residents and patients in the Group's facilities have announced that they have filed several criminal complaints alleging various personal injury offences. Other civil or criminal proceedings, either related or unrelated to the allegations of wrongdoing, could result in civil or criminal liability of the Group, its managers and/or current or former employees. With the exception of the risks that are the subject of a provision described in Note 3.11 "Provisions", the Group considers at this stage that these proceedings are not likely to have a material adverse effect on its financial position or profitability. However, since the outcome of any proceedings is inherently unpredictable, proceedings in progress could represent contingent liabilities.

In addition, in April 2022, the Group also filed a complaint against unnamed persons with the public prosecutor for past transactions and events – wholly unrelated to the accommodation and care conditions for residents – that could raise questions with regard to ORPEA's best interests and which were discovered following internal investigations that revealed a number of potentially fraudulent activities of which the Company or its subsidiaries may have been victims. The Company has not currently identified any material adverse impact on its cash flow or real estate assets resulting from the reported fraudulent activities. Nevertheless, the proceedings that may be initiated in this respect, which are inherently unpredictable, could represent contingent liabilities.

4.2 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES IN ACCORDANCE WITH IFRS 7

Financial assets and liabilities recognised under IFRS 7 break down as follows:

			Carrying amount		Fair value	
(in thousands of euros)	**Classification**	**Level***	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Held-to-maturity financial assets			**0**	**0**	**0**	**0**
Bonds and negotiable debt securities	Cash and cash equivalents					
Loans and receivables			**1,533,603**	**1,030,201**	**1,533,603**	**1,030,201**
Short-term loans	Short-term loan					
Long-term loans	Non-current financial assets	2	45,734	37,900	45,734	37,900
Receivables related to asset disposals	Receivables related to asset disposals in the short term		20,723	25,200	20,723	25,200
Deposits and guarantees	Non-current financial assets	2	46,215	46,080	46,215	46,080
Other receivables	Other receivables	2	989,301	687,798	989,301	687,798
Trade receivables	Trade receivables	2	431,630	233,223	431,630	233,223
Available-for-sale financial assets			**0**	**0**	**0**	**0**
Other						
Financial assets at fair value			**957,698**	**894,128**	**957,698**	**894,128**
Interest rate derivatives		2	5,330	5,292	5,330	5,292
Currency derivatives		2			0	
Money market (SICAV) and mutual funds	Cash and cash equivalents	1	11,586	10,380	11,586	10,380
Cash at bank and at hand	Cash and cash equivalents	1	940,782	878,456	940,782	878,456
FINANCIAL ASSETS			**2,491,301**	**1,924,329**	**2,491,301**	**1,924,329**

* *Level 1: financial assets and liabilities quoted on an active market, where fair value is the listed price.*
Level 2: financial assets and liabilities not quoted on an active market, for which fair value is measured using directly observable market inputs.
Level 3: financial assets and liabilities not quoted in an active market, for which fair value is measured using inputs not based on observable market data.

(in thousands of euros)	Classification	Level*	Carrying amount 31 Dec. 2021	Carrying amount 31 Dec. 2020	Fair value 31 Dec. 2021	Fair value 31 Dec. 2020
Financial liabilities at fair value			**125,188**	**244,225**	**125,188**	**244,225**
Currency derivatives	Other payables		6,577	969	6,577	969
Interest rate derivatives	Other payables	2	118,611	243,256	118,611	243,256
Change in the fair value of the equity component of ORNANE bonds		2	0	0	0	0
Other bonds	Other payables					
Financial liabilities at amortised cost			**9,786,533**	**8,442,336**	**9,790,594**	**8,506,076**
Bonds convertible into, exchangeable for or redeemable in shares	Non-current and current debt	1	2,106,439	1,461,260	2,110,500	1,525,000
Bank borrowings	Non-current and current debt	2	5,880,787	5,198,371	5,880,787	5,198,371
Finance lease obligations	Non-current and current debt	2	875,073	882,779	875,073	882,779
Other payables	Current liabilities	2	589,437	589,506	589,437	589,506
Trade payables	Trade payables	2	334,797	310,420	334,797	310,420
FINANCIAL LIABILITIES			**9,911,721**	**8,686,561**	**9,915,782**	**8,750,301**

* *Level 1: financial assets and liabilities quoted on an active market, where fair value is the listed price.*
Level 2: financial assets and liabilities not quoted on an active market, for which fair value is measured using directly observable market inputs.
Level 3: financial assets and liabilities not quoted in an active market, for which fair value is measured using inputs not based on observable market data.

4.3 RELATED-PARTY TRANSACTIONS

RELATED-PARTY TRANSACTIONS

In the ordinary course of its business, the ORPEA Group enters into various transactions with related parties as defined by IAS 24.

During the financial year, the main impacts were as follows:

- advances granted by the ORPEA Group to its associates and joint ventures and to other related parties amounted to €477 million at 31 December 2021 (see Note 3.5);
- advances received by the ORPEA Group from its associates and joint ventures and from related parties amounted to €13 million at 31 December 2021;
- advances granted by the ORPEA Group to other partners in respect of property development projects amounted to €164 million;
- the ORPEA Group leases certain operating properties from related parties within the meaning of IAS 24 – *Related Party Disclosures*. Lease payments recognised as expenses in respect of associates amounted to €11 million for 2021, before the application of IFRS 16;
- the ORPEA Group is the owner of certain properties operated by related parties within the meaning of IAS 24 – *Related Party Disclosures*. Revenue recognised in 2021 in respect of these arrangements amounted to €4 million.

BENEFITS GRANTED TO CORPORATE OFFICERS

The total amount of gross remuneration, fees (excluding all taxes) and benefits paid during 2021 to ORPEA SA's corporate officers was €2,144.6 thousand, including €581.6 thousand allocated to directors.

The carrying amount of shares awarded in 2021 is €642.3 thousand.

4.4 HEADCOUNT

The ORPEA Group had 71,676 employees at 31 December 2021.

4.5 STATUTORY AUDITORS' FEES

Fees paid to the Statutory Auditors for services provided to ORPEA in 2021 break down as follows:

	Deloitte & Associés				Saint-Honoré BK&A			
	Statutory Auditor	Network	Statutory Auditor	Network	Statutory Auditor	Network	Statutory Auditor	Network
	2021	**2021**	**2020**	**2020**	**2021**	**2021**	**2020**	**2020**
Audit and interim review of the individual and consolidated financial statements	**1,351**	**2,141**	**1,305**	**1,925**	**946**	**0**	**937**	**0**
ORPEA SA	1,041	0	1,001	0	740	0	731	0
Fully-consolidated subsidiaries*	310	2,141	304	1,925	206	0	206	0
Non-audit services**	**86**	**410**	**33**	**107**	**0**	**0**	**0**	**0**
ORPEA SA	86	0	33	0	0	0	0	0
Fully-consolidated subsidiaries*	0	410	0	107	0	0	0	0

* *Including fully-consolidated subsidiaries and jointly controlled entities to the extent that the related fees are recognised in the consolidated income statement.*

** *Including non-audit services required by statutory and regulatory provisions, and non-audit services provided at the Group's request. These correspond primarily to the report of the independent third party on labour-related, environmental and social information provided for in Article L. 225-102-1 of the French Commercial Code (€36,000), the review of specific indicators (€56,000) and the issuance of certificates related to accounting and financial information (€51,000).*

4.6 SCOPE OF CONSOLIDATION AT 31 DECEMBER 2021

The main companies involved in ORPEA Group activities and management of its property portfolio are:

Consolidated companies	Percentage control	Percentage ownership	Consolidation method
SA ORPEA	100%	100%	Parent
SAS Clinea	100%	100%	Full
SARL Niort 94	100%	100%	Full
Domidom – Adhap	100%	100%	Full
SA ORPEA Belgium	100%	100%	Full
Orpimmo	100%	100%	Full
ORPEA Italia SRL	100%	100%	Full
LTC Invest	100%	100%	Full
ORPEA Iberica	100%	100%	Full
Senevita AG	100%	100%	Full
ORPEA Deutschland	100%	100%	Full
ORPEA Netherland	100%	100%	Full
Celenus	100%	100%	Full
Senecura	100%	100%	Full
Medisystem	100%	100%	Full
Ceesch	100%	100%	Full
GCSE	100%	100%	Full
ORPEA Latam	100%	100%	Full
Niorpea	100%	100%	Full
ORPEA Care Ireland	100%	100%	Full
Senior Baltic	100%	100%	Full

The following fully-consolidated German subsidiaries intend to use all exemptions possible under Articles 264 (3) and 264b of the German Commercial Code (HGB) for the year ended 31 December 2021 with respect to the preparation of the notes to the financial statements and the management report in accordance with Subsection 1, audit requirements in accordance with Subsection 3 and the disclosure requirements of Subsection 4 of Section 2 of Book 3 of the HGB.

Consolidated German companies	Percentage control	Percentage ownership	Consolidation method
Seniorenresidenzen Bürgerpark GmbH	100%	100%	Full
Bavaria II GmbH Pflegeresidenz Alt-Tempelhof 10-12	100%	100%	Full
Gapstep Personalmanagement GmbH	100%	100%	Full
HKD GmbH Heim- und Klinikdienste	100%	100%	Full
Reiko Dienstleistung für Altenhilfeeinrichtung GmbH	100%	100%	Full
Theißtal Aue Alten- und Pflegeheim GmbH	100%	100%	Full
Residenz zwischen den Auen Gesellschaft für Altenpflege mbH	100%	100%	Full
Peter Janssen Seniorenresidenzen GmbH	100%	100%	Full
VitaCare Gesellschaft für den Betrieb von Pflegeeinrichtungen mbH	100%	100%	Full
Seniorenresidenz Wölper Ring GmbH	100%	100%	Full
Seniorenresidenz Allerhop GmbH	100%	100%	Full
HvBuche Seniorenresidenzen GmbH	100%	100%	Full
Seniorenhaus Lucia GmbH & Co. KG	100%	100%	Full
DSU Dienstleistung für Sozialunternehmen GmbH	100%	100%	Full
Comunita Seniorenresidenzen GmbH	100%	100%	Full
GHW Gesellschaft für Handel und Wirtschaftsdienste Verwaltungs-GmbH	100%	100%	Full
CS Gesellschaft für Pflegedienste & Betreuung Verwaltungs GmbH	100%	100%	Full
ZDS Zentrale Dienstleistungen für Sozialunternehmen GmbH	100%	100%	Full
CS Gesellschaft f. Pflegedienste & Betreuung mbH & Co KG	100%	100%	Full
MediCare im Grillepark GmbH	100%	100%	Full
MediCare Catering und Dienstleistungs- GmbH	100%	100%	Full
Senioren- und Pflegeheim Gutshof Bostel GmbH & Co KG	100%	100%	Full
MediCare GmbH & Co KG	100%	100%	Full
MediCare Pflegeeinrichtung GmbH	100%	100%	Full
MediCare Seniorenresidenz Rehren Beteiligungs GmbH	100%	100%	Full
AmbuCare Beteiligungs GmbH	100%	100%	Full
Fürsorge im Alter Seniorenresidenzen GmbH	100%	100%	Full
Senioren Wohnpark Weser GmbH	100%	100%	Full
Senioren Wohnpark Stade GmbH	100%	100%	Full
Haus Herbstrose GmbH	100%	100%	Full
Vitalis Gesellschaft für soziale Einrichtungen mbH	100%	100%	Full
MediCare Verwaltungs GmbH	100%	100%	Full
MediCare Seniorenresidenz Rehren GmbH & Co. KG	100%	100%	Full
MediCare Servicegesellschaft mbH	100%	100%	Full
Residenz Phoenixsee GmbH	100%	100%	Full
Fürsorge im Alter Seniorenresidenz Weißensee GmbH	100%	100%	Full
Aumühlenresidenz Oberursel GmbH	100%	100%	Full
Arkadia Pflege Betriebsgesellschaft mbH	100%	100%	Full
Arkadia Objekt Bad Saarow GmbH	100%	100%	Full
alisea Domizil GmbH	100%	100%	Full
ORPEA Silver Care Holding GmbH	100%	100%	Full
ORPEA MediCare Holding GmbH	100%	100%	Full
ORPEA Peter Janssen Holding GmbH	100%	100%	Full
ORPEA Comunita Holding GmbH	100%	100%	Full
ORPEA Deutschland GmbH	100%	100%	Full
ORPEA FiA Holding GmbH	100%	100%	Full
ORPEA Residenz Holding GmbH	100%	100%	Full
ORPEA Deutschland Immobilien Services GmbH	100%	100%	Full
ORPEA Vitalis Holding GmbH	100%	100%	Full
ORPEA Ambulante Pflege Holding GmbH	100%	100%	Full

6.2 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2021

To the shareholders of ORPEA,

OPINION

In accordance with our appointment as Statutory Auditors by your Annual General Meetings, we have audited the accompanying consolidated financial statements of ORPEA for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of this report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF PROPERTIES, LAND AND BUILDINGS OWNED AND OPERATED BY THE GROUP

Notes 3.3 "Property, plant and equipment", 3.3.1 "Changes in property, plant and equipment and property under construction" and 3.3.2 "Revaluation of operating properties" to the consolidated financial statements.

RISKS IDENTIFIED

At 31 December 2021, the Group's property, plant and equipment had a net value of €8,069 million. They predominantly comprise land, buildings, fixtures and fittings.

As specified in Note 3.3. ("Property, plant and equipment") to the consolidated financial statements, properties, land and buildings owned and operated by the ORPEA Group are revalued at fair value in line with IAS 16.31 – *Property, Plant and Equipment*.

To measure the fair value of property assets in use, management appoints qualified, external property appraisers with a recognised professional credential and experience in the Group's business sectors and geographical areas.

Property assets in use, which exclude assets under construction and under redevelopment, are revalued annually, with the exception of small sites and properties that are expected to be disposed of within 12 months of the reporting date.

Assets under construction are measured at cost less impairment, if any, until construction is completed.

The fair value of these property assets is determined on the basis of the income they generate under normal operating conditions. Estimated market rents are then capitalised with a rate of return to determine the property assets' fair value. Market rents are estimated using operating data specific to each facility plus market data. The capitalisation rates applied mainly depend on the location, type of operation and form of ownership of the assets.

Owing to the material value of the relevant assets and the significant estimates inherent in the valuation methods used, which are primarily based on assumptions of capitalisation rates and market rents estimated by management-appointed property appraisers as well as on projected operating data prepared by management, we considered that the appropriate measurement of these assets was a key audit matter.

AUDIT PROCEDURES IMPLEMENTED TO ADDRESS THE RISKS IDENTIFIED

To assess the reasonableness of the estimate of the fair value of the properties, land and buildings owned and operated by the Group, we:

- verified the relevance and correct application of the Group's property valuation method;
- confirmed the scope of the assets valued by the appraisers;
- obtained the annual valuations produced by the property appraisers appointed by management;
- assessed the competence and independence of the appointed appraisers;
- assessed the reasonableness of the assumptions adopted by the property appraisers (estimated market rent, capitalisation rates) with input from our real estate experts;
- verified the consistency of the information provided by the Group to the appraisers for their valuations (particularly operating data for each facility) with the information obtained during the audit;
- performed our own sensitivity analyses to assess the materiality of potential impacts on the calculated current value;
- verified that the amounts calculated by the appraisers were in line with the amounts recognised in the financial statements;
- confirmed the completeness of the recognition of the revalued property portfolio in the financial statements at 31 December 2021 and the quality of the disclosures, making sure in particular that Notes 3.3 "Property, plant and equipment", 3.3.1 "Changes in property, plant and equipment and property under construction" and 3.3.2 "Revaluation of operating properties" to the consolidated financial statements provided appropriate disclosures.

PROVISIONS FOR DISPUTES AND CONTINGENT LIABILITIES RELATING TO INVESTIGATIONS BY THE ADMINISTRATIVE AUTHORITIES AND LEGAL INQUIRIES LAUNCHED FOLLOWING ALLEGATIONS OF WRONGDOING AT THE BEGINNING OF 2022

Notes 1.3 "Use of estimates", 2.2 "Subsequent events", 3.11 "Provisions for liabilities booked following the IGAS-IGF report and the Government's announcement of the referral of the case to the public prosecutor", 3.20 "Recurring operating profit", and 4.1.2 "Contingent liabilities" to the consolidated financial statements.

RISKS IDENTIFIED

Following the publication on 26 January 2022 of a book containing allegations of wrongdoing, ORPEA's Board of Directors mandated Grant Thornton and Alvarez & Marsal to conduct an independent review of the allegations in question.

At the same time, administrative investigations by the IGAS and IGF were launched by the Government, resulting in a joint report on 5 April 2022. Following this report, which noted instances of "serious wrongdoing", the Government referred the matter to the public prosecutor pursuant to Article 40 of the French Criminal Code (*Code Pénal*). A legal enquiry was launched by the Nanterre Court in late April 2022.

Lastly, in April 2022, the Board of Directors of ORPEA filed a complaint with the public prosecutor against unnamed persons for past events and operations – totally unrelated to the living and care conditions of residents – that could adversely affect ORPEA's corporate interests and which were discovered following internal investigations.

In accordance with IAS 37, in the financial statements for the year ended 31 December 2021, the Group booked a provision for liabilities and charges to cover the risks arising from investigations by the administrative authorities, in particular those relating to the reimbursement of sums paid by the administrative authorities in respect of medical and personal care allowances, taking into account (1) the impact of year-end discounts on purchases eligible for public funding, (2) the allocation of public funding surpluses recorded in recent years and (3) possible challenges as to the eligibility of certain expenses reported to the pricing authorities.

At 31 December 2021, the provision estimated by the Group to cover the risks identified over the period 2017-2021 represented €83.2 million. A breakdown of the provision by type of identified risk is provided in Note 3.11 "Provisions" to the consolidated financial statements.

Note 4.1.2 "Contingent liabilities" to the consolidated financial statements discloses a contingent liability arising from the unpredictable nature of ongoing investigations and legal enquiries.

Accordingly, due to the potential impact on the consolidated financial statements of the launch of legal proceedings whose outcome is difficult to assess at this stage and the uncertainty surrounding the resolution of these proceedings and the degree of judgement required of management, we considered the correct measurement of the provisions booked, along with the information disclosed in the notes to the financial statements in respect of the aforementioned events, to be key audit matters.

AUDIT PROCEDURES IMPLEMENTED TO ADDRESS THE RISKS IDENTIFIED

In order to assess the information disclosed on these events in the notes as well as the reasonableness of the estimate of the provision booked in respect of the risks identified by the Group, our work consisted in:

- reviewing and analysing the various reports prepared and investigations carried out by the inspection bodies (IGAS and IGF) and independent firms mandated by the Group (Grant Thornton, Alvarez & Marsal, etc.), as well as the Group's own analyses;
- reviewing the assessment of the risks and their potential consequences on the Group and its consolidated financial statements, as made by various Group departments under the supervision of the Board of Directors, in particular the Finance and Legal departments;
- assessing the judgements and estimates made by the Group in determining the provisions recognised, in the light of reports issued by the administrative authorities and internal investigations;
- assessing whether subsequent events were duly taken into account in the estimation of provisions and in the consolidated financial statements at 31 December 2021;
- reviewing the information provided in the notes to the financial statements in respect of the aforementioned events and the items recognised, in particular in the "Use of estimates", "Subsequent events", "Recurring operating profit", "Provisions" and "Contingent liabilities" notes to the consolidated financial statements, and ensuring that they provide appropriate information on the status of ongoing litigation and the related uncertainties.

VERIFICATION OF INFORMATION RELATING TO THE GROUP PROVIDED IN THE MANAGEMENT REPORT

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group provided in the management report includes the consolidated non-financial statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chairman and Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

APPOINTMENT OF THE STATUTORY AUDITORS

Deloitte et Associés was appointed as Statutory Auditor of ORPEA by the Annual General Meeting of 29 June 2006, and Saint-Honoré BK&A by the Annual General Meeting of 27 June 2008.

At 31 December 2021, Deloitte et Associés was in its 16th year of uninterrupted engagement and Saint-Honoré BK&A in its 14th year of uninterrupted engagement, or 16 and 14 years, respectively, since the Company's shares were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND PERSONS INVOLVED IN CORPORATE GOVERNANCE IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRS as endorsed by the European Union, and for setting up the internal controls it deems necessary for preparing consolidated financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those financial statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the Company or discontinue its operations.

The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as the case may be, as regards procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO AUDITING THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND PROCEDURE

Our responsibility is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L. 823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.

When conducting an audit in accordance with professional standards in France, Statutory Auditors use their professional judgement throughout the audit. In addition:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- they familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management, along with information about those estimates provided in the consolidated financial statements;
- they assess whether management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the Company's ability to continue as a going concern. That assessment is based on information collected until the date of the auditors' report, although it should be noted that subsequent circumstances or events may call into question the Company's status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the consolidated financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they issue a qualified opinion or a disclaimer of opinion;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events and present a true and fair view;
- regarding financial information relating to persons or entities included in the scope of consolidation, they collect the information that they regard as sufficient and appropriate to express an opinion on the consolidated financial statements. The auditors are responsible for managing, supervising and conducting the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

REPORTING TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as the case may be, of any material internal control weaknesses that we have identified regarding procedures for preparing and treating accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the financial year's consolidated financial statements, and which are therefore the key points of the audit. Our role is to describe those points in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As the case may be, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

Paris and Paris-La Défense, France, 14 June 2022

The Statutory Auditors

Saint-Honoré BK&A

Xavier Groslin

Deloitte & Associés

Jean-Marie Le Guiner

Germany
ORPEA Care Home, Berlin

7.

Individual financial statements for the year ended 31 December 2021

7.1 ORPEA SA financial statements for the year ended 31 December 2021

ORPEA SA INCOME STATEMENT

(in euros)	31 Dec. 2021	31 Dec. 2020
Revenue	**1,026,726,578**	**965,500,629**
Production transferred to inventories	(3,639,297)	(2,972,862)
Other operating income	76,616,956	53,040,139
Purchases and other external costs	(458,828,752)	(393,567,727)
Taxes other than on income	(53,006,482)	(58,302,749)
Personnel expenses	(541,977,223)	(501,668,745)
Depreciation, amortisation and charges to provisions	(120,807,039)	(28,655,279)
Other operating expenses	(13,773,110)	(2,356,457)
Net operating income/(loss)	**(88,688,369)**	**31,016,949**
Financial income	201,719,049	133,607,928
Financial expense	(163,597,305)	(135,722,270)
Net financial income/(expense)	**38,121,745**	**(2,114,342)**
Recurring profit/(loss) before tax	**(50,566,625)**	**28,902,607**
Net non-recurring expense	(20,562,814)	(3,196,333)
Employee profit-sharing		
Income tax	19,503,106	4,782,337
NET PROFIT/(LOSS)	**(51,626,332)**	**30,488,611**

ORPEA SA BALANCE SHEET

Assets *(in euros)*	31 Dec. 2021 Gross	31 Dec. 2021 Depreciation, amortisation and charges to provisions	31 Dec. 2021 Net	31 Dec. 2020 Net
NON-CURRENT ASSETS				
Intangible assets	449,987,988	23,056,185	426,931,803	416,982,313
Property, plant and equipment	595,196,801	251,555,156	343,641,645	311,935,034
Financial assets	2,197,667,722	30,744,178	2,166,923,544	1,854,519,187
Total non-current assets	**3,242,852,513**	**305,355,519**	**2,937,496,994**	**2,583,436,534**
CURRENT ASSETS				
Inventories and work-in-progress	7,037,307		7,037,307	26,660,752
Advances and downpayments	4,735,565		4,735,565	4,620,322
Trade receivables	60,804,666	9,096,958	51,707,708	28,793,046
Other receivables	4,240,442,170	12,000,721	4,228,441,449	3,673,640,290
Marketable securities	4,394,678		4,394,678	4,394,680
Cash at bank and at hand	359,345,968		359,345,968	540,032,024
Prepaid expenses	26,862,054		26,862,054	20,803,127
Total current assets	**4,703,622,408**	**21,097,679**	**4,682,524,730**	**4,298,944,242**
Bond redemption premiums	8,303,287		8,303,287	1,820,667
Unrealised foreign currency losses	3,434,967		3,434,967	2,717,578
TOTAL ASSETS	**7,958,213,175**	**326,453,198**	**7,631,759,978**	**6,886,919,022**

Equity and liabilities *(in euros)*	31 Dec. 2021	31 Dec. 2020
EQUITY		
Share capital	80,800,094	80,789,156
Share premiums and reserves	696,496,749	724,143,081
Net profit/(loss) for the year	(51,626,332)	30,488,611
Tax-regulated provisions	9,671,093	9,636,790
Total equity	**735,341,604**	**845,057,638**
Provisions for liabilities and charges	**95,241,589**	**15,025,226**
LIABILITIES		
Borrowings and debt	5,729,061,450	4,889,351,437
Advances and downpayments	2,006	37,846
Trade payables	70,553,938	47,601,857
Tax and payroll liabilities	110,030,326	99,037,957
Other payables	857,009,609	977,248,513
Deferred income	23,695,832	10,949,954
Total liabilities	**6,790,353,161**	**6,024,227,563**
Unrealised foreign currency gains	10,823,623	2,608,595
TOTAL EQUITY AND LIABILITIES	**7,631,759,978**	**6,886,919,022**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

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1. Significant accounting policies, major events of the period and subsequent events

1.1 BASIS OF PREPARATION

The Company applies the provisions of ANC regulation no. 2014-03 relating to French generally accepted accounting principles updated to reflect all subsequent amendments.

The financial statements have been prepared on a going concern basis using the accruals basis of accounting and consistent methods, in accordance with the basic principle of prudence and with the general rules for preparing and presenting individual financial statements

The basic method used to measure items recorded in the financial statements is the historical cost method. As an exception to the above, the operating licences and investments in subsidiaries held prior to that date were revalued in connection with the merger transactions recognised in 1998.

This going concern assumption is notably based on the loan agreement signed with various banks on 13 June 2022 and approved by the Nanterre Commercial Court on 10 June 2022.

1.2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used are as follows:

1.2.1 INTANGIBLE ASSETS

Intangible assets mainly comprise:

- licences to operate beds in nursing home facilities, shown under "Business goodwill":

  These licences are considered to have an indefinite useful life, in line with the market position adopted by the sector. This status is underpinned by the Group's observations and past experience that the probability of licences being withdrawn or not renewed is limited, since ORPEA operates its facilities in strict compliance with the terms and conditions and the standards set by the various healthcare authorities, and since the costs incurred in maintaining these licences are not material;
- technical losses, shown under "Other intangible assets":

  Technical losses arising on mergers reflect unrealised gains on assets, which may or may not be recognised in the absorbed company's financial statements, less any unrecognised liabilities in the absorbed company's financial statements. They are recognised as the difference between the carrying amount of the previously held investment and the absorbed subsidiary's net assets.

  Pursuant to Article 745-5 of ANC regulation no. 2015-06 amending ANC regulation no. 2014-03 relating to French generally accepted accounting principles, technical losses are allocated in proportion to reliably estimated unrealised gains, with any remaining portion allocated to business goodwill.

  These technical losses are then amortised or impaired using the same methods as are applicable to the underlying assets to which they are assigned.

  The "Other intangible assets" heading includes technical losses assigned to the licences to operate nursing home beds and any other unallocated technical losses.

Groups of assets to which unamortised business goodwill and/or a technical loss have been assigned are tested annually for impairment, which consists in comparing their carrying amount with the higher of:

1) value in use, which is determined by discounting expected future cash flows from each of the facilities in which these assets are operated and adjusted for net debt.

   The discount rate used for this impairment testing is the ORPEA Group's weighted average cost of capital, which is representative of the sector's rate, and the terminal value is determined using a perpetuity growth rate reflecting the growth outlook for the Company in the light of likely trends in its sector of activity (respectively 5.5% and 1.5% as at 31 December 2021);
2) fair value less costs to sell, where appropriate.

An impairment loss is recognised in respect of the difference if the carrying amount is higher than value in use or fair value less costs to sell.

Other intangible assets are amortised on a straight-line basis over a period of one to five years.

1.2.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, comprising land, buildings, fixtures and fittings, equipment and furnishings, is measured at cost (purchase price plus transaction costs), production cost or contribution value.

These assets are depreciated by the Company on a straight-line basis. Depreciation is calculated based on the expected useful life of each asset or each of its components having different useful lives in line with the following criteria:

- buildings, fixtures and fittings: 12 to 60 years
- technical installations, equipment: 3 to 10 years
- other: 3 to 10 years

Other property, plant and equipment includes the technical merger losses assigned to property, plant and equipment, which are depreciated using the same rules and useful lives as the underlying assets.

1.2.3 INVESTMENTS IN SUBSIDIARIES, LONG-TERM INVESTMENTS AND RELATED RECEIVABLES

The values of investments in other companies and any related receivables are recognised under this item.

In accordance with decree no. 2005-1702 of 28 December 2005, the Company has elected to capitalise all transfer taxes, professional fees or commissions and other contract expenses related to the acquisition of long-term investments and securities held for sale as part of the cost of the acquisition.

Expenses related to investments in subsidiaries are amortised on an accelerated basis over a period of five years for tax purposes.

Investments in subsidiaries are measured at cost or contribution value.

Other financial assets include the technical merger losses assigned to investments in subsidiaries.

An impairment loss is recognised in respect of the difference if the value in use of investments in subsidiaries and of the associated technical merger losses falls below the gross amount.

Value in use is determined according to the investee's equity value or an enterprise value calculated on the basis of:

- the present value of future cash flows expected to be generated by its continued operation, adjusted for net debt (see section 1.2-1);
- or realisable value net of selling costs.

Impairment losses are also recognised in respect of any related receivables.

1.2.4 INVENTORIES AND WORK IN PROGRESS

This item includes various supplies, materials, small items of equipment and work in progress on property projects, which are all measured at historical cost.

Work in progress on property projects comprises land and construction costs incurred to support the expansion of the Company and of its subsidiaries.

Cost includes the purchase and/or production cost incurred in bringing the asset to its present condition and location. Production cost includes direct production costs and borrowing costs directly attributable to the production of the property asset.

Marketing costs directly attributable to the assets sold are recognised in property work in progress during the construction period and expensed at the date of completion of the property.

Property development programmes are:

- either transferred to third parties as a block or in lots;
- or transferred to leasing organisations.

Revenue, construction costs and the corresponding margins are recognised in the income statement at the date of completion of the work.

Changes in work in progress are posted to "Production transferred to inventories" in the income statement.

Inventories are written down if their value in use falls below their carrying amount.

1.2.5 TRADE AND OTHER RECEIVABLES

Receivables and payables are measured at nominal value. Receivables are written down if their estimated fair value falls below their nominal value.

An impairment loss is recognised on doubtful trade receivables when there is objective evidence that the Company may be unable to recover the full amount on the original terms and conditions due under the transaction. The age of a receivable and failure to pay within the usual payment period are indicators of impairment.

Based on past experience, the following impairment rates are applied:

- receivables less than six months past due: 20% for cases handled by the disputes department;
- receivables more than six months past due: 50% or less depending on the resident's financial status (joint and several guarantee, own assets, etc.);
- receivables more than one year past due: 100% or less depending on the resident's financial status (joint and several guarantee, own assets, etc.).

However, amounts due from residents receiving social support are impaired as follows:

- receivables more than 30 months past due: 50%;
- receivables more than 36 months past due: 100%.

1.2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and risk-free, short-term investments such as term deposits. Term accounts are carried at their subscription value.

1.2.7 PROVISIONS

The Company recognises a provision when it has an obligation to a third party, it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation, without any economic benefits with at least an equivalent value being received in return, and its amount can be estimated reliably.

Where this liability is not probable and the amount of the obligation cannot be measured reliably, but an outflow may be required to settle the obligation, the Company recognises a contingent liability.

Provisions for labour disputes are estimated by the employee affairs department based on the Company's exposure and the status of any proceedings.

Provisions for tax disputes are estimated by the finance department after a full review of any tax audits in progress.

Where applicable, a provision may be set aside for certain investments in subsidiaries depending on the investee's net assets and its commitments to the Company at the end of the financial year.

Tax-regulated provisions relate to accelerated depreciation for acquisition-related expenses on investments in subsidiaries.

1.2.8 BORROWINGS

Borrowings and financial liabilities are recognised at nominal value, while associated issue costs initially recognised in operating profit are capitalised, then spread over the same term as underlying borrowings.

Borrowing costs are recognised over the term of the corresponding liability, except where they are directly attributable to the acquisition, construction or production of an asset. In this case, they are included in the cost of the asset.

1.2.9 FINANCIAL INSTRUMENTS AND DERIVATIVES

Interest rate derivatives

The Company's financial liabilities mainly comprise floating rate domestic debt, and it is therefore exposed to the risk of an increase in short-term rates in the eurozone.

As part of its risk management policy, the Company uses derivatives such as:

- interest rate swaps;
- interest rate options (caps) allowing it to limit the impact of an increase in Euribor above a certain cap.

The purpose of these transactions is to convert floating into fixed-rate liabilities and to optimise the risk profile of the Company's debt based on expected trends in interest rates.

During the financial year, the Company continued its interest rate risk management policy, which is to build up a portfolio of financial instruments that qualify for hedge accounting.

Financial income and expenses associated with interest rate derivatives are recognised in the same manner and period as the income and expenses generated by the hedged item.

Premiums paid for caps are recognised in financial expenses over the period of the hedge.

Currency derivatives

The Company uses forward currency purchases and sales to hedge its future transactions in foreign currencies. Currency gains and losses on these derivatives are recognised in profit or loss in the same manner and period as the items they hedge. As a general principle, the Company uses derivatives solely for hedging purposes.

1.2.10 FOREIGN CURRENCY TRANSACTIONS

Foreign currency assets and liabilities are translated at year-end exchange rates when they are not covered by a specific hedge. Any exchange gains and losses are recognised under the relevant balance sheet headings. Unrealised foreign exchange losses are provided for, after the effects of any hedging.

1.2.11 REVENUE

Revenue mainly derives from:

1) accommodation and care services provided to residents. Revenue is recognised when the service is provided.

   Per diem rates are payable as follows:

   - the accommodation component is paid for by the resident,
   - the long-term care allowance component is paid for by the resident and the local authority (the daily charge is set by the local authority depending on the level of care required and forecast expenses),
   - the medical care component is paid for by the regional health insurance fund (the daily charge is set according to the level of care required and forecast expenses);

2) sales to third parties of properties built or redeveloped by the Company. Corresponding changes in work in progress are posted to "Production transferred to inventories".

1.2.12 INCOME TAX

ORPEA is the head of a tax consolidation group formed with subsidiaries that are at least 95%-owned.

ORPEA, like each subsidiary in the tax group, pays the income tax calculated on its own earnings.

1.3 INTERNAL RESTRUCTURING

To streamline its organisational structure, the Company merged the its SARL Les Charmilles and SAS Launaguet subsidiaries during the year.

The various assets and liabilities of these subsidiaries were absorbed and recognised in ORPEA's financial statements at the effective date of their transfer in 2021.

These transactions led to the recognition of technical merger losses amounting to €7.4 million, with losses of €4.4 million allocated to "Other intangible assets" and losses of €2.9 million allocated to "Merger gains".

1.4 SIGNIFICANT EVENTS OF THE PERIOD

Throughout 2021, the Company continued to deploy protocols and procedures in line with the development of the Covid pandemic and the health authorities' recommendations. Also during the year, ORPEA SA continued to place orders for personal protective equipment, such as masks and hand sanitisers, to limit the spread of the virus as much as possible and to protect residents, patients and employees.

In 2021, ORPEA SA also carried out its first public offering of sustainable bonds for €500 million with a maturity of seven years, and completed new *Schuldscheindarlehen* issues for a total amount of €425 million.

1.5 SUBSEQUENT EVENTS

Following the publication on 26 January 2022 of a book containing allegations of wrongdoing, ORPEA's Board of Directors mandated Grant Thornton and Alvarez & Marsal to conduct an independent review of the allegations in question. At the same time, the Ministry of Solidarity and Health ordered each of the General Inspectorate of Finance (IGF) and the General Inspectorate of Social Affairs (IGAS) to investigate the claims.

On 30 January 2022, the Group's Board of Directors decided to terminate Yves Le Masne's duties as Chief Executive Officer and to appoint Philippe Charrier as acting Chairman and Chief Executive Officer.

On 26 March 2022, ORPEA issued a press release disclosing the findings of the final reports of the IGAS-IGF joint investigation and took note of the announcement by Brigitte Bourguignon, Minister Delegate to the Minister of Solidarity and Health in charge of Autonomy, of her decision to transmit to the public prosecutor the report of the investigation carried out by the IGAS and IGF. Details of the provision for liabilities booked by ORPEA following the publication of this report are given in Note II. 1-7 below.

On 26 April 2022, the Company published the progress report by Grant Thornton and Alvarez & Marsal, submitted to the Company's Board of Directors a few days earlier, which confirmed the findings of the IGAS-IGF investigation. The final report on the use of public funds and business relations with third parties, including some public officials (series of allegations 2 and 3), was submitted to the Board of Directors on 27 May 2022; the final report on the care of nursing home residents and on employment law (series of allegations 1 and 4) will be submitted by 30 June 2022.

MEASURES TO SUPPORT A WAY OUT OF THE CRISIS

On 2 May 2022, ORPEA's Board of Directors appointed Laurent Guillot as Chief Executive Officer with effect from 1 July 2022. His appointment to the Board of Directors will be proposed to the Annual General Meeting to be held on 28 July 2022. Laurent Guillot will act as advisor to the Chairman and Chief Executive Officer until he takes up his position.

On the same day, ORPEA also announced that it had filed a complaint against unnamed persons with the public prosecutor for past transactions and events – wholly unrelated to the accommodation and care conditions for residents – that could raise questions with regard to ORPEA's best interests and which were discovered following internal investigations that revealed a number of fraudulent activities of which the Company or its subsidiaries may have been victims.

The Company has not currently identified any material adverse impact on its cash flow or real estate assets resulting from the reported fraudulent activities.

The Company intends to use all means at its disposal to recover the sums of money that it may have been deprived of as a result of these fraudulent activities.

Internal measures were immediately taken to remove the persons likely to be involved in these fraudulent activities and to strengthen the Group's internal control procedures; its investigations are ongoing and could lead to further dismissals.

NEW FUNDING AND CONCILIATION PROCEDURE

On 13 May 2022, ORPEA entered into an agreement in principle with its core banking partners BNP Paribas, Crédit Agricole, Crédit Mutuel Alliance Fédérale, BPCE group, La Banque Postale and Société Générale ("the Banks").

This agreement in principle with the Banks is a response to the current period of uncertainty affecting ORPEA, as well as to closed-off access to financial markets and the initially anticipated slowdown of the real estate asset disposal programme, and will notably enable it to meet significant debt servicing obligations in 2022 (approximately €813 million due in the second half of the year) and in 2023 (approximately €1,004 million due) in respect of the Group as a whole.

The agreement in principle, unanimously approved by ORPEA's Board of Directors, includes the following key principles:

1. Provision of a new financing plan by the Banks via a secured syndicated facility of €1,733 million: The key terms of this facility granted by the Banks to ORPEA include:
   - **a.** medium-term financing, maturing in December 2025, in order to (a) provide new cash funds to the Group in an amount of €600 million, repayable partly at maturity and partly by instalments (€100 million in each of June 2024, December 2024 and June 2025), and (b) finance repayments of existing debt in an amount of €233 million, repayable at maturity; and
   - **b.** €900 million in short-term financing, consisting of several tranches maturing in June 2023 for €200 million and in December 2023 for €700 million (with the option to extend these two maturities by six months, exercisable at ORPEA's discretion subject to certain conditions).

   The new financing includes:

   - a commitment to the lenders to maintain a minimum cash level of €300 million, to be tested quarterly from June 2023;
   - commitments relating to the disposal of operating and real estate assets, the latter for a cumulative gross asset value (excluding duties) of (i) €1 billion at 31 December 2023, increasing to (ii) €1.5 billion at 31 December 2024, and to (iii) €2 billion at 31 December 2025;
   - a change of control clause for ORPEA; and
   - a cross-default clause (€40 million threshold).

   The new financing will benefit from a pledge over the shares of the subsidiaries CLINEA and CEECSH (representing 25% and 32% of Group revenue, respectively). Following certain reorganisations to be carried out within the Group, the pledges will be over shares in CLINEA France and the Group's business in Germany, representing 25% and 16% of consolidated revenue, respectively.

   It is further noted that the average interest rate of all new lines granted under the agreement in principle in respect of the €1,733 million tranche will be Euribor +3.9% (except for the optional refinancing facility bearing interest at Euribor +5%).

   A portion of the proceeds from the disposals will be immediately allocated to the repayment of the short-term tranches of the facility.
2. Setting up an optional syndicated facility up to a maximum amount of €1.5 billion due December 2026, open in priority to lenders participating in the short- and medium-term financing outlined above, to refinance the unsecured bank facilities at a rate of Euribor +5%.
3. Cancelling the dividend payment for 2021.

This agreement in principle was the subject of a loan agreement signed with the Banks on 13 June 2022 and a conciliation protocol (including the corresponding loan agreement) approved by the Nanterre Commercial Court on 10 June 2022.

2. Commentary on the individual financial statements

N.B.: *Amounts are stated in euros unless otherwise indicated.*

2.1 BALANCE SHEET

2.1.1 NON-CURRENT ASSETS

Intangible assets

Movements in gross intangible assets were as follows:

Gross	Beginning of financial year	Increase	Decrease	Reclassifications	Mergers	End of financial year
Set-up costs	25,821					25,821
Concessions, patents	1,724,551	29,750			3,045	1,757,346
Business goodwill	140,730,684	5,657,670				146,388,354
Other intangible assets	297,101,571	20,062		10,091	4,409,776	301,541,501
Advances on intangible assets	274,968					274,968
TOTAL	**439,857,596**	**5,707,482**	**0**	**10,091**	**4,412,821**	**449,987,988**

Amortisation of gross intangible assets broke down as follows:

Amortisation	Beginning of financial year	Increase	Decrease	Mergers	End of financial year
Set-up costs	14,284	227			14,512
Concessions, patents	1,373,115	42,801		305	1,416,221
Business goodwill	20,248,096				20,248,096
Other intangible assets	1,239,786	133,808		3,761	1,377,356
Advances on intangible assets	0				0
TOTAL	**22,875,282**	**176,836**	**0**	**4,066**	**23,056,185**

Property, plant and equipment

Movements in gross property, plant and equipment were as follows:

Gross	Beginning of financial year	Increase	Decrease	Reclassifications	Mergers	End of financial year
Land	13,425,624				199,602	13,625,226
Buildings	348,645,991	3,731,713	3,227,049	14,136,605	5,203,543	368,490,803
Plant and facilities	77,516,558	2,730,371	494,204	(30,079)	546,671	80,269,318
Vehicles	637,180		7,480			629,700
Property, plant and equipment in progress	38,354,300	93,215,446	86,907,861	15,900,610	18,453	60,580,948
Other property, plant and equipment	61,791,545	1,683,125	184,967	4,640,773	3,670,330	71,600,806
TOTAL	**540,371,200**	**101,360,655**	**90,821,561**	**34,647,909**	**9,638,599**	**595,196,801**

Depreciation and impairment of gross property, plant and equipment were as follows:

Depreciation and impairment	Beginning of financial year	Increase	Decrease	Reclassifications	Mergers	End of financial year
Land	1,069,691		4,364			1,065,327
Buildings	117,427,255	13,173,138	1,554,520		2,959,336	132,005,209
Plant and facilities	66,078,940	3,872,880	415,709		402,697	69,938,808
Vehicles	3,709,525	78,127	27		291,776	4,079,400
Other property, plant and equipment	40,150,756	4,287,300	178,036		206,393	44,466,413
TOTAL	**228,436,166**	**21,411,445**	**2,152,656**	**0**	**3,860,201**	**251,555,156**

Financial assets

Movements in gross financial assets were as follows:

Gross	Beginning of financial year	Increase	Decrease	Reclassifications	Mergers	End of financial year
Investments in subsidiaries	1,790,584,094	327,561,398	499,732	(6,373,000)	(11,777,851)	2,099,494,909
Other investments	6,985					6,985
Receivables related to investments in subsidiaries	63,791,126					63,791,126
Loans	15,534,683	1,654,774	20,656		88,701	17,257,503
Other financial assets	15,873,838	1,347,875	104,514			17,117,199
TOTAL	**1,885,790,727**	**330,564,047**	**624,902**	**(6,373,000)**	**(11,689,150)**	**2,197,667,722**

The change in investments in subsidiaries is principally attributable to:

- an increase of €284 million related to capital increases of Group subsidiaries;
- an increase of €37 million following the acquisition of shares in new subsidiaries;
- a decrease of €12 million related to mergers.

The changes in “Other financial assets” is derived primarily from movements in treasury shares and the allocation of the technical merger losses.

“Loans” and “Other financial assets” break down as follows:

	31 Dec. 2021	Less than 1 year	More than 1 year
Loans	17,257,503	44,435	17,213,068
Deposits and guarantees	4,513,189		4,513,189
Allocation of technical losses	8,514,216		8,514,216
Treasury shares	4,089,795	4,089,795	
TOTAL	**34,374,702**	**4,134,229**	**30,240,473**

The Annual General Meeting of 29 June 2006 authorised a share buyback programme. This programme has a number of aims, including to allow the Company to provide liquidity and stimulate trading in its shares, and to optimise its capital management.

A total of 51,071 shares with a carrying amount of €4 million were held in treasury at 31 December 2021.

Movements in provisions for financial assets were as follows:

Provisions	Beginning of financial year	Increase	Decrease	Mergers	End of financial year
Investments in subsidiaries	31,225,239	7,223,991	7,751,352		30,697,878
Loans	46,300				46,300
TOTAL	**31,271,539**	**7,223,991**	**7,751,352**	**0**	**30,744,178**

2.1.2 LIST OF SUBSIDIARIES AND INVESTMENTS

Company	2021 revenue	Share capital	Shares held	Percentage ownership	Profit or loss for the last financial year	2021 equity	Carrying amount of investments at 31 Dec. 2021	
							Gross	Net
SAS Clinea	848,543,216	194,008,608	194,008,608	100%	54,552,369	397,106,582	203,855,563	203,855,563
SAS La Saharienne	550,000	1,365,263	1,365,263	100%	(266,158)	(2,609,238)	5,709,440	5,709,440
SARL Les Matines	3,165,106	18,500,000	18,500,000	100%	3,715,311	21,130,205	18,500,000	18,500,000
SARL Bel Air	362,440	1,265,327	1,265,327	100%	183,694	4,827,225	840,604	840,604
SARL 95	0	7,700	7,700	100%	(27,466)	(940,207)	7,700	0
SARL 96	2,454,280	7,084,000	6,375,600	90%	833,789	13,585,960	20,975,600	20,975,600
SARL Maison de Louise	0	2,625,000	2,625,000	100%	6,071	269,582	2,625,000	256,220
SARL Maison de Lucile	5,952	3,900,000	3,860,000	99%	(37,852)	270,419	3,900,000	257,512
SARL Maison de Mathis	0	4,425,000	4,425,000	100%	23,220	328,040	4,425,000	287,593
SARL La Bretagne	150,000	277,457	277,457	100%	58,625	(1,191,093)	41,300	41,300
SAS Résidence Saint-Luc	239,570	37,200	37,200	100%	(77,273)	(4,991,589)	2,644,007	0
SARL Benian	0	1,000	200	20%	2,400	(46,194)	300,200	0
SARL La Doyenne de Santé	589,000	8,000	4,000	50%	132,188	896,283	1,267,425	1,267,425
SNC Les Jardins d'Escudie	201,600	4,800,000	4,800,000	100%	14,088	(282,997)	5,524,310	5,524,310
SARL Domea	187,892	100,000	100,000	100%	(37,760)	151,633	100,000	100,000
SNC des Parrans	0	7,622	7,622	100%	66,732	(975,968)	1,399,856	0
SNC Les Acanthes	0	7,622	7,622	100%	(24,641)	(479,737)	1,468,434	0
SA Le Clos Saint-Grégoire	0	38,173	38,173	100%	(16,419)	1,773,350	4,676,964	4,676,964
GCS	0	100,000	12,500	13%	ND	ND	23,300	23,300
SARL Vivrea	1,500,366	4,050,000	4,050,000	100%	(102,006)	(803,972)	4,050,000	0
SAS Actiretraite Montgeron	0	4,000	4,000	100%	(34,128)	(1,552,561)	746,843	0
SARL ORPEA Dev	0	100,000	100,000	100%	(922)	868,129	100,000	100,000
SAS SFI France	0	4,000,000	2,040,000	51%	(200,857)	132,902	23,305,520	23,305,520
SAS Familisanté	1,527,000	4,851,200	2,787,500	57%	1,017,793	4,555,607	18,771,865	18,771,865
SA China Holding	0	10,000,000	10,000,000	100%	(253,907)	8,141,433	10,000,000	9,269,982
SARL Résidence Parc de Royat	895,341	10,000	10,000	100%	(175,004)	(614,370)	10,000	10,000
SARL Résidence Saint-Martial	0	10,000	10,000	100%	(208)	8,442	10,000	10,000
SARL Résidence Marquisat	4,298	10,000	10,000	100%	(19,666)	(16,425)	10,000	10,000
SARL Résidence Parc des Noues	0	10,000	10,000	100%	166	9,380	10,000	10,000
SARL Résidence du Lac	70,661	10,000	10,000	100%	19,607	28,282	10,000	10,000
SARL Résidence Saint-Honorat	0	10,000	10,000	100%	166	9,380	10,000	10,000
SARL Résidence L'Atrium	0	10,000	10,000	100%	(202)	8,719	10,000	10,000
SARL Les Jardins d'Aurillac	0	10,000	10,000	100%	(206)	8,469	10,000	10,000
Transac Consulting Corporation	0	3,009	3,009	100%	0	10,352	1,823,231	1,823,231
SCI Route des Écluses	205,000	303,374	300,340	99%	117,571	3,268,800	303,374	303,374
SAS Valdoisiens	0	10,000	10,000	100%	(12,128)	(2,329)	10,000	10,000
SCI Les Rives d'Or	35,316	1,524	1,509	99%	2,917	2,003,354	933,755	933,755
SCI du Château	0	1,524	1,509	99%	187,933	8,764,665	1,353,340	1,353,340
SCI Tour Pujols	440,000	1,524	1,509	99%	447,938	3,829,407	1,364,795	1,364,795
SCI La Cerisaie	70,673	1,524	1,509	99%	52,880	2,479,498	47,224	47,224

Company	2021 revenue	Share capital	Shares held	Percentage ownership	Profit or loss for the last financial year	2021 equity	Carrying amount of investments at 31 Dec. 2021	
							Gross	Net
SCI Val de Seine	906,073	6,300,000	6,238,012	99%	(1,809,981)	(4,245,226)	6,946,798	6,946,798
ORPEA le Clos Saint Louis	0	10,000	10,000	100%	(11,914)	(2,657)	10,000	10,000
SCI Cliscouet	910,000	1,524	1,509	99%	631,242	4,115,389	1,494	1,494
Rives Cabessut	0	10,000	10,000	100%	(14,168)	(4,454)	10,000	10,000
SAS GDES Platières	0	10,000	10,000	100%	(260)	9,409	10,000	10,000
SCI Âge d'Or	231,647	2,549,161	2,523,669	99%	16,941	13,116,504	6,234,540	6,234,540
SCI Gambetta	57,160	1,524	1,509	99%	9,647	5,466,415	1,509	1,509
SCI Croix-Rousse	2,494,987	1,524	1,509	99%	962,487	7,544,883	1,509	1,509
SCI Les Dornets	34,215	1,524	1,509	99%	26,217	1,386,225	1,494	1,494
SCI Château d'Angleterre	106,121	1,646	1,630	99%	165,113	9,404,829	1,763,577	1,763,577
SCI Montchenot	830,051	1,524	1,509	99%	555,063	12,476,543	1,286,933	1,286,933
SCI 115 Rue de la Santé	6,515,928	3,300,000	2,970,000	90%	(1,735,165)	18,002,504	2,970,000	2,970,000
SCI Abbaye	4,668,783	6,000,000	5,400,000	90%	2,197,987	7,244,808	5,743,038	5,743,038
SCI Les Tamaris	2,537,640	1,524	1,509	99%	432,244	3,412,127	1,357	1,357
SCI Passage Victor-Marchand	3,849,598	1,524	1,509	99%	(1,788,701)	(7,227,601)	1,509	1,509
SCI Beaulieu	0	3,049	3,049	100%	(26,650)	(192,712)	30,490	0
SCI Fauriel	7,187,758	36,200,000	35,843,815	99%	1,921,715	34,032,780	37,455,332	37,455,332
SCI Port Thureau	18,000	1,524	1,509	99%	(115,312)	1,004,229	63,708	63,708
SCI de l'Abbaye	600,000	1,524	1,509	99%	407,724	1,785,874	1,509	1,509
SCI Les Maraîchers	1,070,000	1,524	1,509	99%	991,279	3,716,624	99,595	99,595
SCI Bosguerard	50,000	1,524	1,509	99%	52,502	1,529,349	1,274,306	1,274,306
SCI Le Vallon	8,401,674	12,000,000	10,800,000	90%	2,332,721	9,333,093	12,831,856	12,831,856
Terrasses Lilas	0	10,000	10,000	100%	(11,662)	(1,662)	10,000	10,000
SCI Bel Air	114,553	1,524	1,509	99%	(84,009)	(715,112)	335,837	(163)
SCI Brest Le Lys Blanc	7,806,540	16,000,000	15,680,000	98%	372,652	(954,214)	15,840,000	15,840,000
SCI Les Magnolias	977,251	4,477,400	4,433,360	99%	299,986	395,953	4,474,450	4,474,450
SARL Amarmau	30,000	7,622	7,622	100%	(37,405)	(1,299,134)	7,622	7,622
SCI Sainte-Brigitte	0	1,525	1,524	99.9%	(31,561)	(841,267)	1,524	1,524
SARL 94 Niort	15,461,701	231,000,000	231,000,000	100%	(8,245,406)	293,446,918	231,000,000	231,000,000
SCI Les Treilles	30,000	15,245	15,243	100%	55,649	2,562,867	2,363,698	2,363,698
SCI du Fauvet	964,558	3,600,000	360,000	10%	(1,875,235)	(4,138,143)	104,291	104,291
SCI Douarnenez	1,114,152	2,000,000	2,000,000	100%	(328,308)	(1,129,185)	1,980,000	1,980,000
SCI Kod's	0	22,650	22,650	100%	(2,333)	405,743	68,116	68,116
SCI Barbacane	30,000	1,524	15	1%	22,555	1,094,630	15	15
SCI Slim	0	762	762	100%	5,072	791,042	1,830	1,830
SCI Saintes BA	1,608,200	1,524	15	1%	374,004	5,918,216	15	15
SCI le Barbaras	190,000	182,939	146	0%	165,931	7,420,133	821	821
SCI Selika	89,570	10,671	15	0%	(9,415)	5,701,030	15	15
SCI Jem II	20,000	152	137	90%	(5,937)	452,909	883,500	452,500
SCI Les Ânes	856,903	2,000,000	2,000	0%	(608,809)	(725,197)	2,000	2,000
St Bonnet	0	10,000	10,000	100%	(324)	9,676	10,000	10,000
Reine Bellevue	1,249,088	5,520,000	5,520,000	100%	(3,581,691)	(15,077,841)	5,514,000	5,514,000

Company	2021 revenue	Share capital	Shares held	Percentage ownership	Profit or loss for the last financial year	2021 equity	Carrying amount of investments at 31 Dec. 2021	
							Gross	Net
SCI La Drone	390,000	1,000	1,000	100%	313,170	939,848	61,000	61,000
SARL L'Ombrière	0	8,000	8,000	100%	(42,666)	(1,054,076)	822,027	0
SC Les Praticiens	0	87,600	70	0%	1,186	72,184	67,009	0
ORPEA Assomption	0	10,000	10,000	100%	(11,662)	(1,662)	10,000	10,000
SCI La Lorraine	0	10,000	10,000	100%	(809,200)	(982,383)	100	100
Jardins de Jouvences	0	10,000	10,000	100%	(21,722)	(11,765)	10,000	10,000
SCI Super Aix	0	228,674	162,358	71%	(72,602)	1,592,182	478,537	478,537
SCI Ansi	44,607	22,867	4,573	20%	5,385	5,878,503	41,399	41,399
SCI Lautréamont Loos	0	153	153	100%	9,868	359,118	2,525	2,525
Hauts de Crosne	0	10,000	10,000	100%	(11,662)	(1,662)	10,000	10,000
SCI Parc Saint-Loup	0	150,000	150,000	100%	(30,008)	(601,390)	149,079	0
SCI Larry	0	150,000	150,000	100%	41,061	3,483,219	150,621	150,621
SCI Castelviel	1,123,695	152	150	99%	1,120,210	(4,308,618)	5,192,113	4,428,463
SAS Immo Nevers	0	5,000	5,000	100%	38,956	4,593,144	5,000	5,000
Saint Fiacre	0	10,000	10,000	100%	(199)	9,801	10,000	10,000
Les Jardins de Villeneuve	0	10,000	10,000	100%	(199)	9,801	10,000	10,000
ORPEA Vilgenis	0	10,000	10,000	100%	(186,261)	(183,141)	10,000	10,000
SAS Résidence Gambetta	0	10,000	10,000	100%	(11,475)	(1,475)	10,000	10,000
Résid des Bûchers	0	10,000	10,000	100%	(11,475)	(1,475)	10,000	10,000
SAS Launaguet	0	10,000	10,000	100%	(166,205)	(230,280)	10,000	10,000
Foncière Clinipsy 1	0	10,000	10,000	100%	16,149	(18,617)	1	1
Foncière Clinipsy 2	0	10,000	10,000	100%	13,819	(24,161)	1	1
ORPEA de France	0	10,000	10,000	100%	(46,187)	(36,187)	10,000	10,000
Aix Trinité	0	10,000	10,000	100%	(15,638)	(5,638)	10,000	10,000
Honfleur Immo	0	10,000	10,000	100%	(16,467)	(6,467)	10,000	10,000
Les Hautes de Suresnes	0	10,000	10,000	100%	(199)	9,801	10,000	10,000
Affieux	0	10,000	10,000	100%	(199)	9,801	10,000	10,000
Verdun St Mihiel	0	10,000	10,000	100%	(199)	9,801	10,000	10,000
SCI Mediter Foncier	0	1,000	1,000	100%	(1,925)	(58,127)	990	990
Holding Dom	0	10,000	10,000	100%	(102,533)	(75,213)	10,000	10,000
SARL Domidom	18,235,793	19,970,100	19,970,100	100%	(656,446)	8,929,071	27,543,657	27,543,657
SARL Primavera Saint-Marc	2,563,255	100,000	100,000	100%	(268,889)	(6,269,155)	18,001	18,001
SA ORPEA Belgium	8,963,322	131,500,000	131,486,850	100%	8,929,960	253,914,220	115,479,233	115,479,233
SA RS Domaine de Churchill	2,158,245	265,039	265,039	100%	(158,165)	281,698	3,075,311	3,075,311
SA Longchamps Libertas	8,515,366	1,740,000	1,740,000	100%	(2,648,736)	(13,805,530)	554,719	554,719
SA Domaine de Churchill	280,246	815,012	815,012	100%	3,203,568	18,189,252	12,135,729	12,135,729
SA Domaine de Longchamp	1,455,228	65,026	6,503	10%	8,848,196	11,165,999	1,414,449	1,414,449
ORPEA Suisse SA	13,017,210	96,800	96,800	100%	(3,498,514)	71,970,795	63,993,829	63,993,829
China Co.	605,904	19,127,684	9,755,119	51%	(1,074,336)	7,567,887	9,260,782	5,365,446
ORPEA Latam	0	14,455,111	14,455,111	100%	57,458	120,288,066	120,304,956	120,304,956
ORPEA Ibérica SAU	8,928,758	31,000,008	31,000,008	100%	(11,993,333)	156,127,073	197,338,821	197,338,821
Atirual Inmobiliaria SLU	5,194,379	30,000,000	29,932,290	100%	(123,988)	93,586,019	90,319,722	90,319,722

Company	2021 revenue	Share capital	Shares held	Percentage ownership	Profit or loss for the last financial year	2021 equity	Carrying amount of investments at 31 Dec. 2021 Gross	Net
SRL Casa Mia Immobiliare	2,161,845	20,000,000	20,000,000	100%	213,301	14,203,290	13,089,120	13,089,120
SRL ORPEA Italia	29,274,282	3,350,000	3,350,000	100%	(13,450,009)	10,521,130	60,087,393	60,087,393
CEECSH	509,126	438,063,728	438,063,728	100%	(783,903)	424,377,492	497,490,952	497,490,952
SA Brige	0	9,200,000	9,200,000	100%	(53,149)	7,528,632	670,000	670,000
SIS Brasil	0	20,000	20,000	100%	(6,449)	(29,989)	45,000,200	45,000,200
SIS Portugal	0	18,600	18,600	100%	(559,855)	(1,503,377)	90,000,200	90,000,200
SA Immobilière de Santé	9,709,000	7,828,400	3,835,916	49%	8,785,000	79,210,000	13,210,000	13,210,000
Gevea Immo	0	968,000	474,320	49%	(186,793)	659,379	406,945	0
Gevea Morges 49%	0	96,800	47,432	49%	(3,957)	13,632	42,281	42,281
Excelus	1,442,186	60,423	18,127	30%	(923,855)	(604,494)	2,000,046	0
Axeltim	ND	ND	2,960,000	25%	ND	ND	2,960,000	2,960,000
Synelience	ND	ND	990,000	10%	ND	ND	990,000	990,000
Medi-Système	17,664,444	151,745	151,745	100%	(2,888,920)	24,894,793	43,477,338	43,477,338
Niorpea	0	100,000	100,000	100%	(3,641,124)	(16,006,834)	100,000	100,000
Other securities							887,882	587,320
Other securities (access)							0	0
TOTAL							**2,099,494,909**	**2,068,797,031**

ND: Not disclosed.

2.1.3 INVENTORIES AND WORK IN PROGRESS

	Gross 31 Dec. 2021	Provisions 31 Dec. 2021	Net 31 Dec. 2021	Net 31 Dec. 2020
Equipment and supplies	3,950,516		3,950,516	3,734,966
Property projects in progress	3,086,791		3,086,791	22,925,786
TOTAL	**7,037,307**	**0**	**7,037,307**	**26,660,752**

The €3,086,791 in net property projects in progress, after the reclassification of €34,638,000 within assets in progress, include borrowing costs incurred over the construction period, which amounted to €1,191,061, versus €677,778 at end-2020.

These borrowing costs have been capitalised at an average rate of 2.75%.

2.1.4 TRADE AND OTHER RECEIVABLES

	Gross 31 Dec. 2021	Provisions 31 Dec. 2021	Net 31 Dec. 2021	Net 31 Dec. 2020
Trade receivables	60,804,666	9,096,958	51,707,708	28,793,046
Tax and payroll receivables	30,462,740		30,462,740	24,637,944
Group and associates	3,848,151,619		3,848,151,619	3,345,207,209
Miscellaneous receivables	361,827,812	12,000,721	349,827,091	303,795,138
TOTAL	**4,301,246,836**	**21,097,679**	**4,280,149,157**	**3,702,433,337**

Movements in allowances for receivables were as follows:

	Beginning of financial year	Additions	Reversals	Mergers	End of financial year
Trade receivables	8,463,276	4,786,559	4,152,877		9,096,958
Other miscellaneous receivables	4,663,729	9,439,618	2,102,626		12,000,721
TOTAL	**13,127,005**	**14,226,177**	**6,255,503**	**0**	**21,097,679**

2.1.5 MARKETABLE SECURITIES

Net carrying amount	31 Dec. 2020	Acquisitions	Disposals	Reclassifications	31 Dec. 2021
Marketable securities*	4,394,680		2		4,394,678
Employee share issues *(number of shares)*	0				0

* *No impairment was recognised in respect of these accounts as their fair value exceeded their carrying amount.*

2.1.6 COMPOSITION OF THE SHARE CAPITAL

Changes in share capital

	Number of shares issued	Share capital	Share premiums and reserves	Net profit/(loss) for the year	Tax-regulated provisions	Dividend payments	Total equity
At 31 December 2020	**64,631,325**	**80,789,156**	**724,143,081**	**30,488,611**	**9,636,790**	**0**	**845,057,638**
Allocation of net profit			(27,635,395)	(30,488,611)		58,168,193	44,187
Other							0
Free share plan	8,750	10,938	(10,938)				0
Dividend payments						(58,168,193)	(58,168,193)
Tax-regulated provisions					34,303		34,303
Net loss at 31 December 2021				(51,626,332)			(51,626,332)
AT 31 DECEMBER 2021	**64,640,075**	**80,800,094**	**696,496,749**	**(51,626,332)**	**9,671,093**	**0**	**735,341,604**

The share capital stood at €80,800,094 at the end of the year, breaking down into 64,640,075 shares each with a par value of €1.25.

The Annual General Meeting on 24 June 2021 approved the payment of a dividend of €0.90 per share in respect of 2020, representing a total payout of €58,168,193 in July 2021.

Free share plan

	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15
Date of Annual General Meeting	28/6/2018	28/6/2018	28/6/2018	28/6/2018	28/6/2018	23/6/2020	23/6/2020	23/6/2020	23/6/2020
Date of Board of Directors' meeting	28/6/2018	28/6/2018	27/6/2017	28/6/2018	28/6/2018	23/6/2020	N/A	N/A	24/06/2021
Decisions taken by the Chief Executive Officer	1/2/2019	1/2/2019	N/A	1/2/2020	1/2/2020	N/A	N/A	N/A	N/A
Maximum total number of free shares that can be awarded	66,105	1,025	45,279	70,315	540	28,374	84,523	840	13,271
Vesting date of the shares	2/5/2022	2/5/2022	27/6/2022	2/5/2023	2/5/2023	23/6/2023	2/5/2024	2/5/2024	24/6/2024
End date of lock-up period	2/5/2022	2/5/2022	27/6/2022	2/5/2023	2/5/2023	23/6/2023	2/5/2024	2/5/2024	24/6/2024
Performance conditions	Change in revenue and NOP	Change in the ORPEA share price including dividends	Change in the ORPEA share price including dividends	Change in revenue and NOP	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys	Change in revenue and NOP	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys	Change in ORPEA's total shareholder return (TSR), increase in earnings per share and employee satisfaction surveys
Number of shares vested at 31 December 2021	118	N/A	N/A	120	N/A	N/A	N/A	N/A	N/A
Total number of lapsed shares	N/A	1,025	6,900	N/A	N/A	8,647	N/A	N/A	N/A
Free shares awarded but not vested at 31 December 2021	65,987	0	38,379	70,195	540	19,727	84,523	840	13,271

The shares awarded are usually newly issued shares.

The expense recorded in the financial statements for the year reflects solely the social security charges.

The value of the shares adopted as the base for the relevant employer's contribution reflects the closing share price at 31 December 2021.

2.1.7 PROVISIONS

	Beginning of financial year	Mergers	Additions	Reversals (utilised provisions)	Reversals (surplus provisions)	End of financial year
Labour disputes	6,764,094	61,754	2,453,278	1,112,811	2,548,590	5,617,724
Other	8,261,132	30,696	84,016,029	2,430,000	253,991	89,623,865
PROVISIONS FOR LIABILITIES AND CHARGES	**15,025,226**	**92,450**	**86,469,307**	**3,542,811**	**2,802,581**	**95,241,589**

ORPEA and some of its subsidiaries in its tax consolidation group are undergoing tax audits. Most of the adjustments notified by the tax authorities have been challenged, and no provisions have been booked for these reassessments since the company is making use of all administrative means of appeal available to it. Tax reassessments that are not challenged or are final are recognised in the financial year in which they are received.

Provision for liabilities and charges booked following the IGAS-IGF report and the Government's announcement of the referral of the case to the public prosecutor

In view of the events in January and February 2022 recalled below, which occurred before the 2021 accounts closing and which relate to items dating prior to 31 December 2021, a provision for liabilities and charges was booked for €83.2 million at end-2021.

The risk identified is limited to the period 2017-2021, corresponding to the period covered by the IGAS and IGF reviews, i.e., 2017-2020, and extrapolated to 2021.

2017 represents the date as of which the French law on adapting society to an ageing population ("ASV law") came into force. This law defines the creation of multi-year health performance and resources contracts ("CPOM"), along with a five-year convergence period to implement additional resources.

The €83.2 million provision booked at 31 December 2021 can be analysed by type of risk as follows:

- risk arising on discrepancies between sums paid by the Government for medical and personal care and the resources implemented by the Group between 2017 and 2020: €19.8 million;
- risk arising on discrepancies between sums paid by the Government for medical and personal care and the resources implemented by the Group in 2021 before submitting its revenue and expenditure statements (ERRD): €39.1 million, including the allocation of €3.5 million for 2021 in the revenue and expenditure statements corresponding to fees for medical and personal care under supplier contracts;
- risk arising on fees on services under supplier contracts in the medical and personal care sector: €18.4 million;
- risk arising on allocations likely to be considered as non-compliant in the revenue and expenditure statements for the care and dependency sector: €5.9 million.

2.1.8 FINANCIAL LIABILITIES

	31 Dec. 2021	31 Dec. 2021	31 Dec. 2020	31 Dec. 2020
Borrowings and debt	5,729,061,450		4,889,351,437	
• Maturing in 1 year or less		1,131,416,062		772,617,562
• Maturing in more than 1 year and less than 5 years		2,899,601,316		2,943,666,103
• Maturing in more than 5 years		1,698,044,072		1,173,067,772
Trade payables	70,553,938		47,601,857	
• Maturing in 1 year or less		70,553,938		47,601,857
• Maturing in more than 1 year and less than 5 years				
• Maturing in more than 5 years				
Tax and payroll liabilities	110,030,326		99,037,957	
• Maturing in 1 year or less		110,030,326		99,037,957
• Maturing in more than 1 year and less than 5 years				
• Maturing in more than 5 years				
Group and associates	619,419,928		788,545,657	
• Maturing in 1 year or less		619,419,928		788,545,657
• Maturing in more than 1 year and less than 5 years				
• Maturing in more than 5 years				
Miscellaneous liabilities	261,287,519		199,652,810	
• Maturing in 1 year or less		217,812,893		158,990,774
• Maturing in more than 1 year and less than 5 years		43,474,626		40,662,036
• Maturing in more than 5 years				
TOTAL	**6,790,353,161**	**6,790,353,161**	**6,024,189,717**	**6,024,189,717**

New borrowings arranged during the financial year amounted to €1,866 million and borrowings of €928 million were repaid.

The “Group and associates” item comprises advances to the Group’s subsidiaries.

“Miscellaneous liabilities” chiefly comprise security deposits provided by residents in the amount of €43 million.

Borrowings and debt

ORPEA Group's financing policy

Financing requirements have increased as a result of the Group's strong growth momentum. ORPEA not only finances its own expansion operations, but also those of its subsidiaries, and principally Clinea.

Bond issues

In first-half 2019, ORPEA Group completed the placement of an eight-year public bond issue of €500 million (due in May 2027) with an annual fixed-rate coupon of 0.375%. These bonds are convertible into and/or exchangeable for new or existing shares ("OCEANEs") at a conversion ratio of 1.011 shares per OCEANE.

On 1 April 2021, ORPEA SA issued a public non-convertible seven-year bond for €500 million.

This is ORPEA's first sustainable public bond issue (Environmental and Social) aimed at financing the development of selective assets.

In 2021, ORPEA SA completed three private bond placements for an amount of €145.5 million, with maturities of 8, 12 and 20 years.

Bank covenants

Some loans arranged by the Company are conditional on compliance with financial ratios that are assessed based on the Group's debt, as shown in the consolidated financial statements prepared under IFRS as adopted by the European Union.

The agreed ratios are as follows:

$$R1 = \frac{\text{consolidated net debt (excluding real-estate debt)}}{\text{consolidated EBITDA - 6\% of real estate debt}}$$

and

$$R2 = \frac{\text{consolidated net debt}}{\text{Equity + quasi equity (i.e., deferred tax liabilities linked to the measurement of intangible operating assets used in operations under IFRS in the consolidated financial statements)}}$$

At 31 December 2021, these ratios were at 1.6x and 1.8x respectively, within the required limits of 5.5x for R1 and 2.0x for R2 at 31 December 2021.

2.1.9 FINANCIAL INSTRUMENTS

At 31 December 2021, the following hedges were in place:

(in thousands of euros)	Notional amount	Market value at 31 Dec. 2021
Effective caps	1,328,000	(7,940)
Caps with forward start date	0	0
Effective fixed-rate versus Euribor swaps	2,194,553	(41,209)
Fixed-rate versus Euribor swaps with forward start date	3,082,000	(67,874)
TOTAL		**(117,023)**

(in thousands of euros)	Notional amount *(in thousands of currency)*	Market value at 31 Dec. 2021 *(in thousands of euros)*
Currency forwards (CHF)	171,343	(5,239)
Currency forwards (CZK)	1,445,776	(1,351)
Currency forwards (PLN)	283,990	5
Currency forwards (AED)	24,100	(69)
Currency forwards (RUB)	86,190	12
Currency forwards (SGD)	700	(7)
Currency forwards (HRK)	74,150	6
Currency forwards (MXN)	61,900	67
TOTAL		**(6,577)**

2.1.10 OTHER LIABILITIES

Accrued expenses

At 31 December 2021, accrued expenses can be analysed as follows:

	31 Dec. 2021	31 Dec. 2020
Borrowings and debt	38,713,479	30,879,747
Trade payables	45,717,883	38,934,874
Tax, payroll and miscellaneous liabilities	43,241,647	49,027,527
TOTAL	**127,673,009**	**118,842,148**

Accrued income

Accrued income can be analysed as follows:

	31 Dec. 2021	31 Dec. 2020
Financial receivables	110,612	71,365
Trade receivables	28,766,234	13,635,801
Other receivables	23,713,492	30,466,839
TOTAL	**52,590,338**	**44,174,005**

Prepaid expenses

Prepaid expenses can be analysed as follows:

	31 Dec. 2021	31 Dec. 2020
Operating	5,585,342	1,784,646
Financial	21,276,712	19,018,481
Non-recurring		
TOTAL	**26,862,054**	**20,803,127**

Prepaid income

	31 Dec. 2021	31 Dec. 2020
Operating	23,695,832	10,949,954
TOTAL	**23,695,832**	**10,949,954**

Unrealised foreign currency losses

	31 Dec. 2021	31 Dec. 2020
Subsidiaries	3,434,967	2,717,578
TOTAL	**3,434,967**	**2,717,578**

Unrealised foreign currency gains

	31 Dec. 2021	31 Dec. 2020
Subsidiaries	10,823,623	2,608,595
TOTAL	**10,823,623**	**2,608,595**

2.1.11 RELATED-PARTY DISCLOSURES

Entities	Other receivables	Other payables	Other financial income	Financial expense
Wholly-owned Group subsidiaries	3,848,151,619	619,419,928	117,738,700	19,616,188
Other subsidiaries	147,083,040	7,833,153	2,977,043	(8,206)
TOTAL	**3,995,234,659**	**627,253,081**	**120,715,743**	**19,607,982**

2.2 INCOME STATEMENT

2.2.1 REVENUE

	2021	2020
Operation of nursing homes	1,023,147,089	962,527,767
Disposals of properties	3,579,489	2,972,862
TOTAL	**1,026,726,578**	**965,500,629**

2.2.2 OPERATING INCOME

	2021	2020
Operation of nursing homes	1,023,147,089	962,527,767
Revenue from operating activities	**1,023,147,089**	**962,527,767**
Disposals of properties	3,579,489	2,972,862
Capitalised production of properties	1,014,006	975,324
Production transferred to inventories	(3,639,297)	(2,972,862)
Income from property activities	**954,198**	**975,324**
Other capitalised production	5,627,981	6,531,700
Operating subsidies	15,625,214	11,985,993
Reversals of provisions and expense transfers	37,995,623	31,673,869
Other income	16,354,132	1,873,253
Other operating income	**75,602,950**	**52,064,815**
TOTAL OPERATING INCOME	**1,099,704,236**	**1,015,567,905**

2.2.3 EXPENSE TRANSFERS

	2021	2020
Restructuring and development costs		242,030
Capitalised expenses	5,657,670	5,915,218
Borrowing costs	9,375,571	906,152
Costs related to the public health crisis	1,527,180	8,286,777
Personnel costs related to the public health crisis	2,818,191	4,684,723
Insurance payments	1,585,575	759,639
Provident fund payouts	6,516,207	6,205,816
Training refunds	111,305	(1,188,252)
Sickness payouts	177,093	213,631
Capitalised borrowing costs on property projects	513,652	347,774
Miscellaneous	29,458	3,198
TOTAL	**28,311,903**	**26,376,706**

Starting in 2021, borrowing costs are reclassified within expense transfers and recognised over the term of the related debt.

2.2.4 FINANCIAL INCOME AND EXPENSES

	2021	2020
Interest on bank borrowings and other financial expenses	(92,831,186)	(79,427,499)
Net expense on financial instruments	(31,296,383)	(28,898,087)
Foreign exchange losses	(11,316,092)	(6,622,889)
Provisions for impairment losses on securities	(429,469)	(672,898)
Merger gains/losses	2,948,743	(371,340)
Other expenses	(364,841)	(2,831)
Income from investments	50,066,150	20,403,651
Net gains on inter-company current accounts	101,107,761	74,778,907
Capitalised borrowing costs	513,652	347,774
Net income from sale of short-term investments	481,732	428,311
Foreign exchange gains	8,940,563	11,792,193
Other income	10,301,114	6,130,367
NET FINANCIAL INCOME/(EXPENSE)	**38,121,745**	**(2,114,342)**

2.2.5 NON-RECURRING INCOME AND EXPENSE

	2021	2020
Non-recurring income	**92,964,411**	**96,733,269**
On management transactions	656,170	294,286
of which merger gains		
On corporate actions	89,554,208	95,151,721
of which disposal of financial assets	133,198	1,333,000
of which merger gains	1,310,715	
Reversals of provisions and expense transfers	2,754,033	1,287,262
Non-recurring expense	**113,527,225**	**99,929,602**
On management transactions	13,675,338	1,683,178
of which costs on discontinued projects	6,442,650	
On corporate actions	91,339,558	95,732,413
of which disposal of financial assets	604,246	697,251
of which merger losses	2,047,141	
Non-recurring depreciation, amortisation and charges to provisions	8,512,329	2,514,011
of which development-related receivables		
NET NON-RECURRING EXPENSE	**(20,562,814)**	**(3,196,333)**

	2021	2020
Capital gains and losses on asset retirements	(1,786,850)	(580,692)
Restructuring and development expenses	(12,641,900)	(1,209,699)
Provisions for miscellaneous receivables	(5,723,992)	(981,623)
Accelerated tax depreciation/amortisation	(34,303)	(245,126)
Miscellaneous	(375,768)	(299,640)
Merger gains/losses	0	120,448
NET NON-RECURRING EXPENSE	**(20,562,814)**	**(3,196,333)**

2.2.6 INCOME TAX

As the head company of the ORPEA tax consolidation group, ORPEA calculates its subsidiaries' taxable income.

The tax group has no further tax loss carryforwards, although certain subsidiaries have tax losses that can be set off against their own taxable income.

At 31 December 2021, the ORPEA tax consolidation group's aggregate taxable income was €147,560,403, including ORPEA SA's tax loss of €29,565,033 in its capacity as a member company.

As provided for under the group tax consolidation agreement, each subsidiary is responsible individually for paying its own income tax and contributions due on taxable income and capital gains, less any tax credits arising on tax loss carryforwards.

The €19,503,106 in tax income shown in ORPEA SA's financial statements breaks down as follows:

	Before tax	Income tax	After tax
Net operating income/(loss)	(88,688,369)	47,153	(88,641,217)
Net financial income/(expense)	38,121,745	12,693,762	50,815,507
Net non-recurring expense	(20,562,814)	6,762,192	(13,800,622)
BOOK PROFIT/(LOSS)	**(71,129,438)**	**19,503,106**	**(51,626,332)**

Timing differences between the tax treatment and accounting treatment of various transactions are likely to affect the future tax liability as follows:

- add-backs to be made in future financial years:
  - unrealised gains on the business goodwill subject to a tax deferral as a result of mergers: €80,808 thousand,
  - unrealised gains on securities subject to a tax deferral as a result of mergers: €24,419 thousand;
- deductions to be made in future financial years:
  - corporate social solidarity contribution: €1,566 thousand;
  - exchange differences: €7,389 thousand.

3. Financial commitments and other disclosures

3.1 OFF-BALANCE SHEET COMMITMENTS

FINANCING-RELATED COMMITMENTS

Financial commitments

Contractual commitments *(in thousands of euros)*	31 Dec. 2021
Receivables sold not yet matured ("Daily" assignments, etc.)	0
Pledges, mortgages and other security	102,495
TOTAL	**102,495**

		Payments due by period		
Contractual commitments *(in thousands of euros)*	**31 Dec. 2021**	**less than 1 year**	**from 1 to 5 years**	**more than 5 years**
Long-term borrowings	5,729,061	1,131,416	2,899,601	1,698,044
Non-cancellable lease commitments	232,459	75,159	154,875	2,425
TOTAL	**5,961,520**	**1,206,575**	**3,054,476**	**1,700,469**

Leases

	Property leases	Equipment leases
Value at inception of lease	36,620,095	387,790,872
Lease payments during the financial year	4,494,875	66,542,030
Total lease payments in previous financial years	23,891,458	201,723,500
Theoretical depreciation for the financial year	649,097	32,987,942
Accumulated depreciation in respect of previous financial years	4,928,954	61,084,997
Outstanding lease payments – due in 1 year or less	2,562,330	72,596,871
Outstanding lease payments – due in more than 1 year but less than 5 years	5,759,557	149,115,178
Outstanding lease payments – due in more than 5 years	2,278,987	145,748
Buyout value	4,860,000	148,849

COMMITMENTS TO EMPLOYEES

Lump-sum benefits payable upon retirement calculated using the projected unit credit method totalled €20,027 thousand in 2021, compared with €19,691 thousand at end-2020.

The main actuarial assumptions adopted at 31 December 2021 are as follows:

- salary increase rate: 2% including inflation;
- discount rate: 0.98%;
- retirement age: 65;
- social security contribution rate: in line with 2021 figures.

The amount paid by the Company in lump-sum retirement benefits amounted to €1,073 in 2021.

There were no material commitments in respect of long-service awards.

OTHER COMMITMENTS

In 2002, ORPEA waived, subject to a clawback provision, €1,915,487 in debt due from its subsidiary SA Clinique du Docteur Courjon, in order to support it. This subsidiary was subsequently absorbed by Clinea SAS.

ORPEA has granted Belgian company Intorp a lease payment guarantee covering four properties leased by its Belgian subsidiaries.

CONTINGENT LIABILITIES

Overall, management believes that the provisions recognised in the balance sheet for disputes involving the Group of which it is aware should be sufficient to cover its exposure to risks.

As explained in Note 1.5 "Subsequent events", ORPEA has taken note of the announcement by the Government of its decision to transmit to the public prosecutor the report of the investigation carried out by the IGAS and the IGF in February and March 2022. Since April 2022, lawyers claiming to represent the families of residents and patients in the Group's facilities have announced that they have filed several criminal complaints alleging various personal injury offences. Other civil or criminal proceedings, either related or unrelated to the allegations of wrongdoing, could result in civil or criminal liability of the Group, its managers and/or current or former employees. Except for the risks that are the subject of a provision detailed in Note 2.1.7 "Provisions", at this stage the Group considers that these proceedings are not likely to have a material adverse impact on its financial position or profitability. However, since the outcome of any proceedings is inherently unpredictable, proceedings in progress could represent contingent liabilities.

In April 2022, the Group also filed a complaint against unnamed persons with the public prosecutor for past transactions and events – wholly unrelated to the accommodation and care conditions for residents – that could raise questions with regard to ORPEA's best interests and which were discovered following internal investigations that revealed a number of potentially fraudulent activities of which the Company or its subsidiaries may have been victims. The Company has not currently identified any material adverse impact on its cash flow or real estate assets resulting from the reported fraudulent activities. Nevertheless, the proceedings that may be initiated in this respect, which are inherently unpredictable, could represent contingent liabilities.

3.2 HEADCOUNT

At 31 December 2021, ORPEA SA's headcount on a full-time equivalent basis was as follows:

	31 Dec. 2021	31 Dec. 2020
Managers (*cadres*)	1,278	1,215
Other employees	11,146	10,826
TOTAL	**12,424**	**12,041**

3.3 BENEFITS GRANTED TO CORPORATE OFFICERS

The total amount of gross remuneration, fees (excluding all taxes) and benefits paid during 2021 to ORPEA SA's corporate officers was €2,144.6 thousand, including €581.6 thousand in remuneration allocated to directors.

The carrying amount of shares awarded in 2021 is €642.3 thousand.

7.2 Statutory Auditors' report on the individual financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2021

To the shareholders of ORPEA,

OPINION

In accordance with our appointment as Statutory Auditors by your Annual General Meetings, we have audited the accompanying individual financial statements of ORPEA for the year ended 31 December 2021.

In our opinion, the individual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the "Responsibilities of the Statutory Auditors relating to the audit of the individual financial statements" section of this report.

INDEPENDENCE

We conducted our audit in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

PROVISIONS FOR DISPUTES AND CONTINGENT LIABILITIES RELATING TO INVESTIGATIONS BY THE ADMINISTRATIVE AUTHORITIES AND LEGAL INQUIRIES LAUNCHED FOLLOWING ALLEGATIONS OF WRONGDOING AT THE BEGINNING OF 2022

Notes I.5 "Subsequent events", II.1.7 "Provisions" and III.1 "Contingent liabilities" to the individual financial statements.

RISKS IDENTIFIED

Following the publication on 26 January 2022 of a book containing allegations of wrongdoing, ORPEA's Board of Directors mandated Grant Thornton and Alvarez & Marsal to conduct an independent review of the allegations in question.

At the same time, administrative investigations by the IGAS and IGF were launched by the Government, resulting in a joint report on 5 April 2022. Following this report, which noted instances of "serious wrongdoing", the Government referred the matter to the public prosecutor pursuant to Article 40 of the French Criminal Code (*Code pénal*). A legal enquiry was launched by the Nanterre Court in late April 2022.

Lastly, in April 2022, the Board of Directors of ORPEA filed a complaint with the public prosecutor against unnamed persons for past events and operations – totally unrelated to the living and care conditions of residents – that could adversely affect ORPEA's corporate interests and which were discovered following internal investigations.

In the financial statements for the year ended 31 December 2021, the Group booked a provision for liabilities and charges to cover the risks arising from investigations by the administrative authorities, in particular those relating to the reimbursement of sums paid by the administrative authorities in respect of medical and personal care allowances, taking into account (1) the impact of year-end discounts on purchases eligible for public funding, (2) the allocation of public funding surpluses recorded in recent years and (3) possible challenges as to the eligibility of certain expenses reported to the pricing authorities.

At 31 December 2021, the provision estimated by the Group to cover the risks identified over the period 2017-2021 represented €83.2 million . A breakdown of the provision by type of identified risk is provided in Note II.1.7 "Provisions" to the individual financial statements.

Note III.1 "Contingent liabilities" to the financial statements discloses a contingent liability arising from the unpredictable nature of ongoing investigations and legal enquiries.

Accordingly, due to the potential impact on the individual financial statements of the launch of legal proceedings whose outcome is difficult to assess at this stage and the uncertainty surrounding the resolution of these proceedings and the degree of judgement required of management, we considered the correct measurement of the provisions booked, along with the information disclosed in the notes to the financial statements in respect of the aforementioned events, to be key audit matters.

AUDIT PROCEDURES IMPLEMENTED TO ADDRESS THE RISKS IDENTIFIED

In order to assess the information disclosed on these events in the notes as well as the reasonableness of the estimate of the provision booked in respect of the risks identified by the Company and the Group, our work consisted in:

- reviewing and analysing the various reports prepared and investigations carried out by the inspection bodies (IGAS and IGF) and independent firms mandated by the Group (Grant Thornton, Alvarez et Marsal, etc.), as well as the Company's own analyses;
- reviewing the assessment of the risks and their potential consequences on the Company and its financial statements, as made by various Company departments under the supervision of the Board of Directors, in particular the Finance and Legal departments;
- assessing the judgements and estimates made by the Group in determining the provisions recognised, in the light of reports issued by the administrative authorities and internal investigations;
- assessing whether subsequent events were duly taken into account in the estimation of provisions and in the individual financial statements at 31 December 2021;
- reviewing the information provided in the notes to the financial statements in respect of the aforementioned events and the items recognised, in particular in the "Subsequent events", "Provisions" and "Contingent liabilities" notes to the individual financial statements, and ensuring that they provide appropriate information on the status of ongoing litigation and the related uncertainties.

MEASUREMENT OF INVESTMENTS IN SUBSIDIARIES

Notes I.2-3 "Investments in subsidiaries, long-term investments and related receivables", II.1-1 "Financial assets" and II.1-2 "List of subsidiaries and investments" to the individual financial statements

RISKS IDENTIFIED

Investments in subsidiaries including the associated technical merger losses and related receivables, which are shown on the balance sheet at 31 December 2021 at a net amount of €2,163 million, represent one of the largest items on the balance sheet.

They are recognised at the date of acquisition at cost plus related expenses. At the end of the financial year, they are stated at their value in use, which represents what the Company would agree to pay to obtain them if it had to purchase them, less any impairment. As stated in Note I.2-3 to the financial statements, value in use is determined by management according to the class of securities:

- either based on the proportion of equity at the end of the financial year;
- or based on the present value of future cash flows expected to be generated by its continued operation, adjusted for net debt;
- or realisable value net of selling costs.

Estimating the value in use of these securities requires management to exercise its judgement in its choice of inputs to be considered according to the relevant investments. Depending on the circumstances, these inputs may be historical information (equity, for certain entities, or remeasurement at fair value of operating licences attached to each company and/or property assets) or forecasts.

Given the judgement required and the material nature and characteristics of the inputs to be considered by management when measuring investments in subsidiaries, we considered the measurement of investments in subsidiaries and related receivables to be a key audit matter.

AUDIT PROCEDURES IMPLEMENTED TO ADDRESS THE RISKS IDENTIFIED

When assessing the reasonableness of the estimate of the value in use of investments in subsidiaries, and based on the information presented to us, our work principally consisted of the following:

- for valuations based on historical information, checking that the equity figures were in line with the financial statements of entities and that any adjustments made to equity were based on appropriate documentation;
- for valuations based on forecasts:
  - obtaining and ensuring that the cash flow forecasts of the relevant entities, prepared under the oversight of executive management, are documented appropriately in line with the economic environment;
  - assessing the reasonableness of the assumptions adopted, including the discount rate and perpetuity growth rate for future cash flows;
  - comparing the forecasts adopted for previous periods with corresponding actual figures to consider attainment of past objectives;
  - testing the arithmetic accuracy of calculations of the value in use adopted by the Company;
  - ensuring that the value produced by cash flow projections has been adjusted by the amount of the relevant entity's debt.

Where the value in use is lower than the cost of the investments in subsidiaries, including associated technical losses, we verified that an impairment loss was recognised in respect of the difference.

Aside from assessing the value in use of investments in subsidiaries, our work also consisted of:

- assessing the recoverability of the related receivables with respect to the analysis conducted on the investments in subsidiaries;
- checking that a provision has been recognised to cover risks where the Company has undertaken to incur the losses on an investment with negative equity and when forecasts confirm that the provision is necessary.

Lastly, we verified that notes I.2-3, II.1-1 and II.1-2 provided appropriate disclosures.

SPECIFIC VERIFICATIONS

We also performed the specific verifications required by statutory and regulatory provisions, in accordance with professional standards applicable in France.

INFORMATION PROVIDED IN THE MANAGEMENT REPORT AND IN OTHER DOCUMENTS CONCERNING THE FINANCIAL POSITION AND INDIVIDUAL FINANCIAL STATEMENTS ADDRESSED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the individual financial position and financial statements addressed to shareholders.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-6 of the French Commercial Code.

REPORT ON CORPORATE GOVERNANCE

We confirm that the information required pursuant to Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code is contained in the report of the Board of Directors on corporate governance.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to the remuneration and benefits received by or granted to the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by the Company from companies that are controlled by it and are included in the consolidation scope. Based on this work, we confirm that this information is accurate and fairly presented.

For the information regarding the factors that your Company considered likely to have an impact in the event of a takeover bid or public exchange offer, provided pursuant to the provisions of Article L. 22-10-11 of the French Commercial Code, we have verified their consistency with the documents from which they were produced and which were provided to us. Based on our audit, we have no matters to report concerning these disclosures.

OTHER INFORMATION

In accordance with French law, we verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or the holders of voting rights has been properly disclosed in the management report.

OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

PRESENTATION OF THE INDIVIDUAL FINANCIAL STATEMENTS TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format , we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

INFORMATION RESULTING FROM OTHER STATUTORY AND REGULATORY OBLIGATIONS

APPOINTMENT OF THE STATUTORY AUDITORS

Deloitte et Associés was appointed as Statutory Auditor of ORPEA by the Annual General Meeting of 29 June 2006, and Saint-Honoré BK&A by the Annual General Meeting of 27 June 2008.

At 31 December 2021, Deloitte et Associés was in its 16th year of uninterrupted engagement and Saint-Honoré BK&A in its 14th year of uninterrupted engagement, or 16 and 14 years, respectively, since the Company's shares were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND PERSONS INVOLVED IN CORPORATE GOVERNANCE IN RELATION TO THE INDIVIDUAL FINANCIAL STATEMENTS

Management is responsible for preparing individual financial statements that present a true and fair view, in accordance with generally accepted accounting principles in France, and for setting up the internal controls it deems necessary for preparing individual financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those financial statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the Company or discontinue its operations.

The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as the case may be, as regards procedures relating to the preparation and processing of accounting and financial information.

The individual financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE INDIVIDUAL FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND PROCEDURE

Our responsibility is to prepare a report on the individual financial statements. Our objective is to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L. 823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.

When conducting an audit in accordance with professional standards in France, Statutory Auditors use their professional judgement throughout the audit. In addition:

- they identify and assess the risks that the individual financial statements contain material misstatements, whether due to fraud or error, define and implement audit procedures to address those risks, and obtain audit evidence that they regard as sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- they familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management, along with information about those estimates provided in the individual financial statements;
- they assess whether management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the Company's ability to continue as a going concern. That assessment is based on information collected until the date of the auditors' report, although it should be noted that subsequent circumstances or events may call into question the Company's status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the individual financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they issue a qualified opinion or a disclaimer of opinion;
- they assess the overall presentation of the individual financial statements and assess whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORTING TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee to present, among other things, the scope of the audit conducted and the audit work programme, along with the conclusions arising from our work. We also make it aware, as the case may be, of any material internal control weaknesses that we have identified regarding procedures for preparing and treating accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the financial year's individual financial statements, and which are therefore the key points of the audit. Our role is to describe those points in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As the case may be, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

Paris and Paris-La Défense, France, 14 June 2022

The Statutory Auditors

Saint-Honoré BK&A	**Deloitte & Associés**
Xavier Groslin	Jean-Marie Le Guiner

Germany
ORPEA Residence,
Hamburg

8.

Additional information

8.1 Key provisions of the Articles of Association

The following section presents the operating procedures and the rights attached to the shares of ORPEA (hereinafter referred to as the "**Company**"), a public limited company (*société anonyme*) with a Board of Directors governed by the French Commercial Code (*Code de commerce*) and its implementing decrees, and by its Articles of Association.

The Company's Articles of Association have been updated with the resolutions of the Annual General Meeting of 24 June 2021, the decisions of the Company's Chief Executive Officer dated 13 December 2021, and of the Company's Chairman and Chief Executive Officer dated 2 May 2022, amending Articles 6 (Formation of the share capital), 7 (Share capital), 24 (Remit of the General Meetings), and 25 (Calling General Meetings).

The Articles of Association are available on request from the Company's registered office.

The Company was incorporated on 22 May 1995 with a term of 99 years. It was registered in Paris on 22 June 1995 under no. 113-6-3-358. The Company's registered office is located at 12, rue Jean-Jaurès, 92813 Puteaux Cedex, France (tel.: +33 (0)1 47 75 78 07). The Company's unique identification code (LEI number) is 969500LHIH3NT7PK1V89.

8.1.1 REGISTERED OFFICE

ARTICLE 4 OF THE ARTICLES OF ASSOCIATION – REGISTERED OFFICE

The registered office is located at 12, rue Jean-Jaurès, 92813 Puteaux Cedex, France.

The Board of Directors may decide to transfer the registered office anywhere in French territory, subject to approval of the decision by the next Ordinary Annual General Meeting. When a transfer is decided by the Board of Directors, the Board is authorised to amend the Articles of Association accordingly, subject to such amendments being ratified by the subsequent Extraordinary General Meeting.

8.1.2 CORPORATE PURPOSE

ARTICLE 2 OF THE ARTICLES OF ASSOCIATION – PURPOSE

The Company's purpose is:

- the direct or indirect creation, realisation, acquisition, management and operation of all care facilities, medical/social facilities, residential facilities of all types for the elderly, residential facilities of all types for persons with disabilities with no age limits, hotel-type accommodation facilities, serviced holiday accommodation and leisure facilities;
- technical, commercial, administrative and financial assistance to all companies whose activity relates directly or indirectly to the activities listed above;
- the acquisition, subscription, holding, management, sale or contribution of shares and other equity rights in all companies existing now or in future and the management of all equity investments;
- the creation of any surety, endorsement or guarantee to the benefit of any Group company in the course of the ordinary activities of all the companies of the Group;
- on an ancillary basis, the purchase, marketing, exchange and sale after division and/or construction work where applicable, of any property owned by the Company.

And generally all commercial, industrial or financial operations, relating to transferable securities or real estate, associated directly or indirectly with its activities or to any ancillary or related activities, or likely to further their development.

8.1.3 RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

ARTICLE 7 OF THE ARTICLES OF ASSOCIATION – SHARE CAPITAL

The share capital is set at the sum of eighty million, eight hundred sixty-six thousand, seven hundred forty euros (€80,866,740.00).

It is divided into 64,693,392 shares of €1.25 each, all of the same class, fully paid up.

Nevertheless, a double voting right is allocated to all fully paid up shares which can be shown to have been registered for at least two years in the same shareholder's name, in accordance with and within the limitations of Article L. 225-123 of the French Commercial Code.

In the event that the share capital is increased by capitalisation of reserves, profits or issue premiums, the double voting right shall be attributed, from the time of issue, to new shares allocated free of charge to a shareholder on the basis of old shares in respect of which he/she already benefits from this right.

ARTICLE 11 OF THE ARTICLES OF ASSOCIATION – FORM OF SHARES

I. Shares are registered or bearer, as chosen by the shareholder, except in certain circumstances where statutory or regulatory provisions require them to be registered.

II. Irrespective of their form, shares are registered in accounts held in accordance with the conditions and formalities prescribed by decree No. 83-359 of 2 May 1983.

The ownership of shares is established by registration in the account:

- with the authorised intermediary of their choice for bearer securities;
- with the Company and, if they wish, with the authorised intermediary of their choice for registered securities.

ARTICLE 12 OF THE ARTICLES OF ASSOCIATION – TRANSFER OF SHARES

Any transmission or transfer of shares, in either registered or bearer form, shall be made by transfer from one account to another.

ARTICLE 13 OF THE ARTICLES OF ASSOCIATION – OWNERSHIP OF SHARE CAPITAL

Each shareholder must meet the statutory information requirements, in the event that, acting alone or collectively, he/she comes to own or ceases to own a fraction of the share capital or of the voting rights defined by the French Commercial Code.

If they have not been lawfully declared, shares exceeding the fraction subject to declaration shall have no voting right, for any Meeting taking place up to expiry of a period of two years following the date when the notification is rectified.

On the same conditions, the voting rights attached to these shares and which have not been lawfully declared, cannot be exercised or delegated by the defaulting shareholder.

ARTICLE 30 OF THE ARTICLES OF ASSOCIATION - PROFITS AND LOSSES

From the net profit for each financial year, less previous losses where applicable, an initial deduction of at least one twentieth shall be made to set up the statutory reserve fund; this deduction shall cease to be mandatory when that fund reaches a sum equal to one tenth of the share capital; it shall be resumed when, for any reason, the statutory reserve has fallen below this proportion.

The surplus plus retained earnings where applicable shall constitute the distributable profit.

This profit shall be available to the General Meeting which shall decide in its discretion how to appropriate it. Accordingly, it may appropriate it, fully or in part, to the constitution of any general or special reserves, carry it forward or distribute it amongst shareholders in the form of dividends. Additionally, the General Meeting may decide to distribute sums deducted from reserves which it has available, either to fund or supplement a dividend, or by way of exceptional distribution; in this case, the decision shall expressly state the reserve items from which the deductions are to be made.

Nevertheless, no distribution can be made if it has the effect of reducing the net assets to an amount below that of the share capital plus the reserves which cannot be distributed.

The General Meeting has the option of offering shareholders a choice between a payment in cash and/or in Company shares, of all or part of the advances on dividends or of the dividends, under the statutory and regulatory conditions.

Following approval of the financial statements by the General Meeting, any losses are registered in a special account to be offset against the profit for subsequent years until they are used up.

8.2 Share capital

8.2.1 CHANGES IN SHARE CAPITAL OVER THE PAST THREE YEARS

The table below shows changes in the share capital, voting rights and their ownership between 31 December 2019 and the date of this Universal Registration Document.

Transaction date	Type of transaction	Amount of share capital before the transaction	Number of shares issued	Amount of the share capital increase	Amount of share capital after the transaction
4 May 2019	Free shares awarded to the executive corporate officers of the Company	€80,732,903.75	29,514	€36,892.50	€80,769,796.25
13 Dec. 2020	Free shares awarded to certain key managers of the Company	€80,769,796.25	15,250	€19,062.50	€80,788,858.75
23 Dec. 2020	Free shares awarded to certain key managers of the Company	€80,788,858.75	238	€297.50	€80,789,156.25
13 Dec. 2021	Free shares awarded to certain key managers of the Company	€80,789,156.25	8,750	€10,937.50	€80,800,093.75
2 May 2022	Free shares awarded to certain key managers of the Company	€80,800,093.75	53,317	€66,646.25	€80,866,740.00

8.2.2 OWNERSHIP OF THE SHARE CAPITAL AND VOTING RIGHTS

At 31 December 2021, the Company's share capital stood at €80,800,093.75; it consisted of 64,640,075 shares with a par value of €1.25, fully paid up and belonging to the same class. The total gross number of voting rights was 77,640,116 and the number of exercisable voting rights was 77,587,563. Shares are either in registered or bearer form, at the choice of the shareholder.

The difference between the number of shares and the number of voting rights is due to the fact that some shares have double voting rights and treasury shares have no voting rights.

Pursuant to Article 223-11 of the AMF General Regulation, voting rights are presented according to their "theoretical" calculation, based on the total number of shares to which a voting right is attached, including shares stripped of voting rights (treasury shares). The theoretical voting rights are used to calculate the shareholding disclosure thresholds.

OWNERSHIP OF THE SHARE CAPITAL AND VOTING RIGHTS OVER THE PAST THREE YEARS

The table below shows changes in the share capital, voting rights and their ownership between 31 December 2019 and 31 December 2021.

	31 December 2019[1]				31 December 2020[2]				31 December 2021[3]					
Shareholders	**Number of shares**	**% of the share capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**	**Number of shares**	**% of the share capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**	**Number of shares**	**% of the share capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**	**Number of exercisable voting rights**	**% of exercisable voting rights**
J-C. Marian	4,080,420	6.31%	8,160,840	9.86%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CPPIB	9,374,186	14.51%	18,567,378	22.42%	9,374,186	14.51%	18,748,372	24.15%	9,374,186	14.50%	18,748,372	24.15%	18,748,372	24.16%
Peugeot Invest Assets[4]	3,261,353	5.05%	6,522,706	7.88%	3,261,353	5.05%	6,522,706	8.40%	3,261,353	5.05%	6,522,706	8.40%	6,522,706	8.41%
Sofina Group	1,298,000	2.01%	2,596,000	3.14%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Treasury shares	45,142	0.07%	-	0.00%	45,142	0.07%	-	0.00%	52,553	0.08%	52,553	0.07%	-	0.00%
Free float	46,556,736	72.05%	46,953,106	56.71%	51,950,644	80.38%	52,347,057	67.45%	51,951,983	80.37%	52,316,485	67.38%	52,316,485	67.43%
TOTAL	**64,615,837**	**100.00%**	**82,800,030**	**100.00%**	**64,631,325**	**100.00%**	**77,618,135**	**100.00%**	**64,640,075**	**100.00%**	**77,640,116**	**100.00%**	**77,587,563**	**100.00%**

(1) In 2019, the Company's share capital was increased by €36,892.50 through the issue of 29,514 new shares following the vesting of free shares awarded to executive corporate officers.
(2) In 2020, the Company's share capital was increased by €19,360 through the issue of 15,488 new shares following the vesting of free shares awarded to some of the Company's key managers.
(3) In 2021, the Company's share capital was increased by €10,937.50 through the issue of 8,750 new shares following the vesting of free shares awarded to some of the Company's key managers.
(4) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

To the best of the Company's knowledge, there have been no significant changes in ownership of the share capital and voting rights since 31 December 2021.

In addition, no shareholders other than those listed in the above table and its notes hold, directly or indirectly, alone or in concert, more than 5% of the Company's share capital or voting rights.

At 31 December 2021, the Company was not aware of any shareholders' agreement or other agreement related to its share capital.

On 2 May 2022, the share capital increased by €66,646.25, from €80,800,093.75 to €80,866,740.00, following the vesting of free shares awarded to some of the Company's key managers.

8.2.3 LEGAL THRESHOLDS

No threshold crossings were disclosed to the French securities regulator (*Autorité des marchés financiers* — AMF) in 2021.

Since the end of the year, the following thresholds have been crossed and disclosed to the AMF:

Name of the shareholder	Transaction date	AMF reference	Threshold crossing (above/below)
BlackRock Inc.	8 February 2022	222C0333	Above the threshold of 5% of the share capital
BlackRock Inc.	9 February 2022	222C0348	Below the threshold of 5% of the share capital
BlackRock Inc.	18 March 2022	222C0656	Above the threshold of 5% of the share capital
BlackRock Inc.	21 March 2022	222C0669	Below the threshold of 5% of the share capital
BlackRock Inc.	23 May 2022	222C1252	Above the threshold of 5% of the share capital
BlackRock Inc.	24 May 2022	222C1265	Below the threshold of 5% of the share capital

8.2.4 SUMMARY OF CORPORATE OFFICERS' TRANSACTIONS IN ORPEA SECURITIES SINCE 1 JANUARY 2021

To the best of the Company's knowledge, only the following corporate officers effected transactions in ORPEA securities during the year ended 31 December 2021.

■ Summary of corporate officers' transactions in ORPEA shares in 2021

	Acquisitions		Disposals	
Name of the executive and/or the person provided for in Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*)	**Number of shares**	**Average price per share**	**Number of shares**	**Average price per share**
Philippe Charrier[1]	600	€91.31	-	-
Yves Le Masne[2]	-	-	7,500	€107.88
Laure Baume[3]	695	€99.88	-	-
Bernadette Danet-Chevallier	204	€105.02	-	-
Jean-Patrick Fortlacroix	47	€97.10	-	-
Olivier Lecomte	150	€96.91	-	-
Thierry de Poncheville	165	€90.98	-	-

(1) On 30 January 2022, the Board of Directors appointed Philippe Charrier as Chairman and Chief Executive Officer with immediate effect. Prior to his appointment, he had served as (non-executive) Chairman of the Board of Directors from 28 March 2017.
(2) On 30 January 2022, the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer. On 10 February 2022, Yves Le Masne resigned as Director.
(3) Since 1 January 2022, Laure Baume has acquired 33 shares at an average price of €76.50 per share.

■ Summary of corporate officers' transactions in derivatives of ORPEA securities in 2021

		Acquisitions		Disposals	
Name of the executive and/or the person provided for in Article L 621-18-2 of the French Monetary and Financial Code	**Type of instrument**	**Number of instruments**	**Average price per instrument**	**Number of instruments**	**Average price per instrument**
Alphident, a legal entity related to Philippe Charrier[1]	Debt security	1,333	€150.00	-	-

(1) On 30 January 2022, the Board of Directors appointed Philippe Charrier as Chairman and Chief Executive Officer with immediate effect. Prior to his appointment, he had served as (non-executive) Chairman of the Board of Directors from 28 March 2017.

8.2.5 SHARE BUYBACK PROGRAMME AND LIQUIDITY AGREEMENT

SHARE BUYBACK PROGRAMME

The Annual General Meeting of 24 June 2021 renewed the authorisation of the Board of Directors to trade in ORPEA shares. The following table sets out the arrangements and objectives for the Company's new programme to buy back its own shares.

Shares concerned	Ordinary shares
Maximum percentage of the share capital that may be bought back pursuant to the Annual General Meeting's authorisation	10% of the total number of shares forming the share capital of the Company at any time
Maximum buyback price	€150 per share
Maximum amount of funds available for share buybacks	€969,469,800
Objectives of the programme	• To award, directly or indirectly, some or all of the bought back shares to employees and/or corporate officers of the Company and/or the Group under the terms and conditions set out by law, including under profit-sharing plans, stock option plans, free share plans or employee share ownership plans. • To deliver the shares upon the exercise of rights attached to securities carrying entitlement by way of conversion, exercise, redemption, exchange, or any other means to the award of Company shares in accordance with stock market regulations. • To cancel the shares by reducing the capital under the conditions provided for in the French Commercial Code. • To keep some or all of the bought back shares for subsequent remittance in exchange for or as consideration in connection with any growth-related transactions or any other transaction authorised pursuant to the regulations in force. • To implement any market practices that are permitted by law or by the AMF. • To make a market in or ensure the liquidity of the shares through an independent investment services provider acting under a liquidity agreement that complies with a Code of Conduct approved by the AMF.
Share buyback terms and conditions	These shares may be purchased, sold, transferred or exchanged and paid for by any means on the regulated markets or multilateral trading systems, including under a liquidity agreement entered into by the Company with an investment service provider, subject to compliance with the regulations in force, including over-the-counter and block trades, the use of derivative financial instruments, the implementation of option strategies (purchase and sale of call and put options, and any combinations thereof in accordance with the applicable regulations) at the times that the Board of Directors or, where appropriate, the person to whom the Board of Directors delegates its powers, sees fit. There are no restrictions limiting the portion of the share buyback programme that may take place through block trades.
Duration of the programme	18 months from the Annual General Meeting of 24 June 2021, that is until 23 December 2022

The Company has not used any derivatives in connection with this share buyback programme or the previous one, and does not have any open positions.

LIQUIDITY AGREEMENT

The Company has entered into a liquidity agreement with Gilbert Dupont to implement the share buyback programme. The agreement complies with the AMAFI Code of Conduct approved by the AMF on 1 October 2008. Gilbert Dupont trades in the Company's shares on an arm's length basis and has sole responsibility for investment and divestment decisions, which must comply with the purpose of the liquidity agreement and ensure its continuity. The sole purpose of the liquidity agreement is therefore to make a market in the ORPEA shares and ensure regular price quotations to avoid swings in the share price which are not warranted by market trends.

In any event, transactions made under the liquidity agreement do not prevent the market from functioning normally. Gilbert Dupont is also committed to the principle of proportionality set out in the abovementioned code.

The assets and funds held in the liquidity account at 31 December 2021 for the purposes of the liquidity agreement were as follows:

- number of shares: 29,282;
- cash balance held in the liquidity account: €2,041,879.80.

8.2.6 FINANCIAL INSTRUMENTS CARRYING RIGHTS TO THE SHARE CAPITAL

At the date of this Universal Registration Document, the total number of ordinary shares that could be created on the exercise in full or on the vesting, as applicable, of all the negotiable securities carrying rights to the share capital and financial instruments issued by the Company to date, stood at 3,641,650 shares, corresponding to a maximum dilution of around 5.63% based on the share capital at the date of this Universal Registration Document and of around 5.33% based on fully-diluted share capital.

The table below summarises all the existing dilutive instruments and corresponding potential dilution at the date of this Universal Registration Document.

Dilutive instruments	The maximum number of shares that can be issued[1]	Maximum potential dilution *(as a % of the share capital[2])*
Convertible bonds and/or bonds with warrants for new or existing shares[3]	3,481,228	5.38%
Stock purchase or subscription options	-	0.00%
Free share awards	160,422	0.25%
TOTAL	**3,641,650**	**5.63%**

(1) If only new shares were awarded rather than a combination of new and existing shares.
(2) On the basis of share capital made up of 64,693,392 shares.
(3) Number of shares adjusted to account for the latest adjustment of the allotment ratio made on 9 July 2021 in accordance with stipulations provided for in Article 2.6.B.10 under the terms and conditions set for convertible bonds and/or for bonds with warrants for new or existing shares.

CONVERTIBLE BONDS AND/OR BONDS WITH WARRANTS FOR NEW OR EXISTING SHARES

As part of a private placement with institutional investors on 17 May 2019, the Company issued 3,412,969 convertible bonds and/or bonds with warrants for new or existing Company shares (**OCEANEs**) for a total amount of €499,999,958.50. The nominal per-unit value of the OCEANEs was set at €146.50 on the basis of a 47.5% premium at issue compared to the Company's reference share price. The OCEANEs are traded on Euronext Access (the free market of Euronext in Paris) using the ISIN code FR0013418795.

The OCEANEs carry entitlement to new and/or existing Company shares at the exchange ratio of 1.020 shares for 1 OCEANE (according to the 9 July 2021 allotment ratio adjustment made as stipulated and provided for by Article 2.6.B.10 of the Terms and Conditions of the OCEANEs).

Under certain conditions, the OCEANEs are callable for early redemption at the Company's discretion. If they have not been converted, exchanged, redeemed or bought back and cancelled, the OCEANEs will be redeemed at par value on 17 May 2027.

The conversion of all the OCEANEs could lead to the issue of a maximum of 3,481,228 new shares if the Company decides to only award new shares.

STOCK OPTIONS, FREE SHARE AWARDS AND EMPLOYEE SHARE OWNERSHIP

Over the past four years, the Board of Directors has approved the introduction of several free share plans for the executive corporate officers as well as for some members of the Executive Management team.

Free share awards are contingent on meeting demanding performance conditions and aim to reward a high level of performance, retain the loyalty of key managers and align the interests of Executive Management with those of shareholders.

The table below shows the main features of these plans.

Information on free share awards[1]	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15
Date of Annual General Meeting	23/6/2016	28/6/2018	28/6/2018	28/6/2018	28/6/2018	28/6/2018	28/6/2018	23/6/2020	23/6/2020	23/6/2020	23/6/2020
Date of Board of Directors' meeting	13/12/2017	28/6/2018	28/6/2018	28/6/2018	27/6/2019	28/6/2018	28/6/2018	23/6/2020	N/A	N/A	24/6/2021
Decisions by the Chief Executive Officer	N/A	N/A	1/2/2019	1/2/2019	N/A	1/2/2020	1/2/2020	N/A	1/2/2021	1/2/2021	N/A
Maximum total number of free shares that may be awarded	10,750	44,701	66,105	1,025	45,279	70,315	540	28,374	84,523	840	13,271
Vesting date of the shares	13/12/2021	28/6/2021	2/5/2022	2/5/2022	27/6/2022	2/5/2023	2/5/2023	23/6/2023	2/5/2024	2/5/2024	24/6/2024
End date of lock-up period	13/12/2021	28/6/2021	2/5/2022	2/5/2022	27/6/2022	2/5/2023	2/5/2023	23/6/2023	2/5/2024	2/5/2024	24/6/2024
Performance conditions	Revenue, EBITDA and organic growth[2]	Total shareholder return (increase in share price + dividend)[3]	Change in revenue and NOP[4]	Total shareholder return (increase in share price + dividend)[5]	Total shareholder return (increase in share price + dividend)[5]	Change in revenue and NOP[6]	Total shareholder return (increase in share price + dividend), growth in earnings per share and employee satisfaction surveys[7]	Total shareholder return (increase in share price + dividend), growth in earnings per share and employee satisfaction surveys[8]	Change in revenue and NOP[9]	Total shareholder return (increase in share price + dividend), growth in earnings per share and meeting five 2023 CSR roadmap objectives[10]	Total shareholder return (increase in share price + dividend), growth in earnings per share and meeting five 2023 CSR roadmap objectives[11]
Number of shares acquired at the date of this Universal Registration Document	8,750	0	53,435	N/A	N/A	120	N/A	N/A	N/A	N/A	N/A
Total number of shares cancelled or lapsed	2,000	44,701[12]	12,670	1,025	45,279[13]	N/A	N/A	24,050[14]	N/A	N/A	13,271[15]
Free shares not yet vested at the date of this Universal Registration Document	-	-	-	-	-	70,195	540	4,324	84,523	840	-

(1) *Information relating to Plan no. 1 can be found in the 2017 Registration Document (page 249); information relating to Plan no. 2 can be found in the 2018 Registration Document (page 271); information on Plan no. 3 can be found in the 2019 Universal Registration Document (page 271); information relating to Plan no. 4 can be found in the 2020 Universal Registration Document (page 309).*
(2) *The performance conditions of Plan no. 5 are detailed in the 2017 Registration Document (page 249).*
(3) *The performance conditions of Plan no. 6 are detailed in the 2017 Registration Document (page 156).*
(4) *The performance conditions of Plan no. 7 are detailed in the 2019 Registration Document (page 271).*
(5) *The performance conditions of Plans no. 8 and no. 9 are detailed in the 2018 Registration Document (page 182).*
(6) *The performance conditions of Plan no. 10 are detailed in the 2020 Universal Registration Document (page 309).*
(7) *The performance conditions of Plan no. 11 are detailed in the 2020 Universal Registration Document (page 198).*
(8) *The performance conditions of Plan no. 12 are detailed in the 2020 Universal Registration Document (page 198).*
(9) *Annual growth in revenue and NOP over the period from 1 October 2020 to 30 September 2023 of the scope for which the grantee is responsible (two-thirds of the shares) and of the scope of which the grantee is part (one-third of the shares).*
(10) *The performance conditions of Plan no. 14 are detailed in this Universal Registration Document (page 209).*
(11) *The performance conditions of Plan no. 15 are detailed in this Universal Registration Document (page 209).*
(12) *In accordance with the remuneration policy approved by the Annual General Meeting of 28 June 2018, Jean-Claude Brdenk was awarded 20,435 free shares subject to performance conditions. On 2 November 2020, given the seniority of Jean-Claude Brdenk, his contribution to the Group's expansion, the circumstances of his departure and the non-compete and non-solicitation commitments he made to the Group when he left office, further to the Board of Directors' recommendation, it was decided at the Annual General Meeting on 24 June 2021 to lift the service condition required under the free share plan of 27 June 2019, by applying a pro rata provision.*
As the stock market performance condition was not met, the Board of Directors noted at its meeting on 24 June 2021 that no shares had vested for either Jean-Claude Brdenk or Yves Le Masne pursuant to this free share plan.
(13) *In accordance with the remuneration policy approved by the Annual General Meeting of 27 June 2019, Jean-Claude Brdenk was awarded 20,699 free shares subject to performance conditions. On 2 November 2020, given the seniority of Jean-Claude Brdenk, his contribution to the Group's expansion, the circumstances of his departure and the non-compete and non-solicitation commitments he made to the Group when he left office, further to the Board of Directors' recommendation, it was decided at the Annual General Meeting on 24 June 2021 to lift the service condition required under the free share plan of 27 June 2019, by applying a pro rata provision. Thus, subject to Jean-Claude Brdenk's compliance with the aforementioned non-compete, non-solicitation and non-disparagement commitments, Jean-Claude Brdenk could be awarded 13,799 free shares (instead of the 20,699 shares cited in the previous paragraph – pro rata of two-thirds) subject to performance conditions. However, the 6,900 additional shares he was initially entitled to lapsed as a result of his departure. As the stock market performance condition was not met, the Board of Directors noted at its meeting on 28 April 2022 that no shares will have vested for Jean-Claude Brdenk pursuant to this free share plan.*
As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 27 June 2019 cannot be met. Therefore, the 24,580 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.
(14) *In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020, Jean-Claude Brdenk was awarded 12,971 free shares subject to performance conditions. On 2 November 2020, given the length of service of Jean-Claude Brdenk, his contribution to the Group's expansion, the circumstances of his departure and the non-compete and non-solicitation commitments he made to the Group when he left office, further to the Board of Directors' recommendation, it was decided at the Annual General Meeting on 24 June 2021 to lift the service condition required under the free share plan of 23 June 2020, by applying a pro rata provision. Thus, subject to Jean-Claude Brdenk's compliance with the aforementioned non-compete, non-solicitation and non-disparagement commitments, Jean-Claude Brdenk could be awarded 4,324 free shares (instead of the 12,971 shares cited in the previous paragraph – pro rata of one-third) subject to performance conditions. However, the 8,647 additional shares he was initially entitled to lapsed as a result of his departure.*
As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 23 June 2020 cannot be met. Therefore, the 15,403 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.
(15) *As the Board of Directors terminated Yves Le Masne's duties as Chief Executive Officer on 30 January 2022, the service condition applicable to the free shares awarded to him on 24 June 2021 cannot be met. Therefore, the 13,271 free shares awarded to Yves Le Masne on that date have lapsed and will never vest.*

There are no stock option plans or Group savings plans (or similar plans) that would allow ORPEA to know the exact number of shares held by employees.

8.3 Person responsible for the Universal Registration Document

8.3.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Philippe Charrier, Chairman & Chief Executive Officer.

8.3.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby declare that, to the best of my knowledge, all of the information contained in this Universal Registration Document is in accordance with the facts and contains no omissions likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all consolidated companies, and that the management report on page 41 *et seq.* presents a true and fair view of the business trends, results and financial position of the Company and all consolidated companies and that it describes the main risks and uncertainties to which they are exposed.

Puteaux, 16 June 2022

8.3.3 INVESTOR RELATIONS CONTACTS

ORPEA

Philippe Charrier – Chairman & Chief Executive Officer – Tel.: +33 (0)1 47 75 78 07

Laurent Lemaire, EVP Finance and Administration, Tel: +33 (0)1 47 75 78 07

Benoit Lesieur - Investor Relations Director - Tel.: +33 (0)1 41 45 61 95 – b.lesieur@orpea.net

8.4 Statutory Auditors

8.4.1 PRINCIPAL STATUTORY AUDITORS

SAINT-HONORÉ BK&A

Represented by Xavier Groslin
140, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Saint-Honoré BK&A was first appointed at the Annual General Meeting of 27 June 2008 for a six-year term and, for a second six-year term, by the Annual General Meeting of 25 June 2014.

Its appointment was renewed at the Annual General Meeting of 23 June 2020 for a six-year term ending at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2025.

DELOITTE & ASSOCIÉS

Represented by Jean-Marie Le Guiner
6, place de la Pyramide, 92908 Paris-La Défense Cedex, France

Deloitte & Associés was first appointed at the Combined Annual General Meeting of 29 June 2006 to replace Vade Mecum, which stood down for personal reasons. Its appointment ran from 1 January 2006 until the end of its predecessor's term, that is until the close of the Annual General Meeting held to approve the financial statements for the year ended 31 December 2009.

Its appointment as the principal Statutory Auditor was renewed at the Combined Annual General Meeting of 23 June 2016 for a six-year term ending at the close of the Annual General Meeting to be held to approve the financial statements for the year ended 31 December 2021.

8.4.2 ALTERNATE STATUTORY AUDITOR

BEAS

Alternate to Deloitte & Associés
7–9, villa Houssay – 92200 Neuilly-sur-Seine, France

Reappointed at the same time and for the same term as Deloitte & Associés, replacing Françoise Vainqueur, joint alternate Statutory Auditor, who stood down for personal reasons.

8.5 Publicly available documents

This Universal Registration Document is published on the Company's website (www.orpea-corp.com) and the AMF's website (www.amf-france.org). Upon request, copies of this Universal Registration Document are available from the Company at no charge.

During the period of validity of this Universal Registration Document, the Company's Articles of Association, its individual and consolidated financial statements, and its press releases on financial and regulatory matters are available on the Company's website.

The legal and financial documents relating to ORPEA that must be made available to shareholders in accordance with the regulations in force may be viewed either on the Company's website or at the Company's registered office.

8.6 Cross-reference tables

8.6.1 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

The following cross-reference table highlights the key information required by Annexes 1 and 2 of the Commission Delegated European Regulation (EU) 2019/980 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) no. 809/2004, and references the pages of this Universal Registration Document.

Heading		Chapter(s)	Page(s)
16	**Major shareholders**		
16.1	Shareholders holding over 5% of the share capital	8	324
16.2	Existence of different voting rights	8	324
16.3	Whether the issuer is owned or controlled	8	324
16.4	Any arrangements which may result in a change in control	5	227
17	**Related-party transactions**	**5**	**242-243**
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information	6	246-250
18.1.1	Audited historical financial information covering the latest three financial years and the audit reports	6; 7	284-288; 314-318
18.1.2	Change of accounting reference date	N/A	N/A
18.1.3	Accounting standards	6	252
18.1.4	Change of accounting framework	N/A	N/A
18.1.5	Balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policies and explanatory notes	7	292-313
18.1.6	Consolidated financial statements	6	246-283
18.1.7	Age of most recent financial information	2	55
18.2	Interim and other financial information	N/A	N/A
18.3	Auditing of historical annual financial information	6; 7	284-288; 314-318
18.3.1	Historical financial information audit report	6; 7	284-288; 314-318
18.3.2	Other information in the Universal Registration Document audited by the Statutory Auditors	4	178-180
18.3.3	Source of financial information not extracted from the audited financial statements	N/A	N/A
18.4	Pro forma financial information	N/A	N/A
18.5	Dividend policy	2	53
18.5.1	Dividend distribution policy and any restrictions thereon	2	53
18.5.2	Amount of the dividend per share	2	53
18.6	Legal and arbitration proceedings	2	53
18.7	Significant change in the issuer's financial position	N/A	N/A
19	**Additional information**		
19.1	Share capital	8	324
19.1.1	Amount of issued capital, and for each class of share capital: the total authorised share capital, the number of shares issued but not fully paid, the par value, and a reconciliation of the number of shares outstanding at the beginning and end of the year	8	324
19.1.2	Number and characteristics of shares not representing capital	8	324
19.1.3	Number, book value and face value of shares	8	324
19.1.4	Amount and characteristics of convertible securities	8	326-327
19.1.5	Vesting conditions and obligations aimed at increasing the capital	N/A	N/A
19.1.6	Information on any capital of any member of the Group which is under option	8	250; 266; 327
19.1.7	A history of share capital for the period covered by the historical financial information	6; 8	305; 324
19.2	Memorandum and Articles of Association	8	322-323
19.2.1	Description of the issuer's objects and purposes	8	322
19.2.2	Rights and privileges attached to each share class	8	322-323
19.2.3	Provisions to delay, defer or prevent a change in control	5	227
20	**Material contracts**	**N/A**	**N/A**
21	**Documents available**	**8**	**330**

8.6.2 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

The cross-reference below table highlights the information required pursuant to Article 222-3 of the AMF General Regulation relating to the annual financial report, also referred to in Article L. 451-1-2, I of the Monetary and Financial Code.

Heading		Chapter(s)	Page(s)
1	**Statement by the person responsible for the Universal Registration Document**	8	329
2	**Consolidated financial statements**	6	245-283
4	**Individual financial statements**	7	291-313
5	**Statutory Auditors' report on the consolidated financial statements**	6	284-288
6	**Statutory Auditors' report on the individual financial statements**	7	314-318
7	**Management report**	2	See cross-reference table for the management report below.

8.6.3 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

The cross-reference table below highlights the information constituting the management report drafted in accordance with Article L. 232-1 of the French Commercial Code and references the pages of this Universal Registration Document.

Heading		Chapter(s)	Page(s)
1	**Group situation and operations**		
1.1	The Company's situation over the past financial year and an objective and comprehensive analysis of the business trends, results and financial position of the Company and the Group, especially of its debt level, relative to the volume and complexity of its business activities	2	42-48
1.2	Key financial performance indicators	2	44-52
1.3	Key non-financial performance indicators relating to the specific activities of the Company and the Group, including information on environmental and employment issues	4	80: 83-90; 116-118
1.4	Significant events between the end of the financial year and the drafting of the management report	2	54-55
1.5	Main shareholders and holders of voting rights at General Meetings and changes during the financial year	8	324
1.6	Current subsidiaries	N/A	N/A
1.7	Significant shareholdings in companies with their registered offices in France	N/A	N/A
1.8	Disposals of cross-shareholdings	N/A	N/A
1.9	Forecasted changes in the Company's and the Group's situation and future prospects	2	56
1.10	Research and development activities	N/A	N/A
1.11	Table showing the Company's five-year financial highlights	2	56
1.12	Information on supplier and customer payment terms	2	52
1.13	Amount of inter-company loans granted and statement by the Statutory Auditor	N/A	N/A
2	**Internal control and risk management**		
2.1	Description of the Company's main risks and uncertainties	3	60-71
2.2	Information on the financial risks associated with the effects of climate change and a presentation of the measures the Company is taking to reduce these risks by implementing a low-carbon strategy in all parts of its business	4	136
2.3	Main characteristics of the internal control and risk management procedures implemented by the Company and the Group in relation to the preparation and processing of accounting and financial information	3	71-76
2.4	Information on the objectives and policy for hedging each major category of transactions and exposure to price, credit, liquidity and cash flow risks, including the use of financial instruments	3	68-69
2.5	Anti-corruption procedures	4	162-167
2.6	Duty of care plan and report on its implementation	4	94-95; 97; 147; 162-167
3	**Report on corporate governance**		
	Remuneration information		
3.1	Remuneration policy for corporate officers	5	219-225
3.2	Remuneration and benefits in kind paid during the financial year or granted in respect of the financial year to each corporate officer	5	206-219
3.3	Relative percentage of fixed and variable remuneration	5	207
3.4	Use of the option to request that variable remuneration be returned	N/A	N/A
3.5	Commitments of any kind made by the Company for the benefit of its corporate officers, corresponding to components of remuneration, indemnities or benefits due or likely to be due as a result of the taking up, termination or change of their functions or subsequent to the exercise thereof	5	209-210; 212
3.6	Remuneration paid or awarded by a company included in the scope of consolidation under Article L. 233-16 of the French Commercial Code	N/A	N/A
3.7	Ratios between the remuneration of each executive corporate officer and the average and median remuneration of the Company's employees	5	212
3.8	Annual changes in remuneration, Company performance, average remuneration of Company employees and the aforementioned ratios over the past five financial years	5	213

Heading		Chapter(s)	Page(s)
3.9	Explanation of how total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied	5	206-212
3.10	Manner in which votes at the last Ordinary Annual General Meeting votes were accounted for pursuant to Article L. 22-10-34, I of the French Commercial Code	5	210
3.11	Deviations from the procedure for implementing the remuneration policy and any exceptions	N/A	N/A
3.12	Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' remuneration in the event of non-compliance with the Board of Directors' gender balance principle)	N/A	N/A
3.13	Corporate officer option awards and lock-up periods	N/A	N/A
3.14	Executive corporate officer free share awards and corresponding lock-up periods	5	209
	Governance information		
3.15	List of all offices and positions held in any company by each of the directors during the financial year	5	233-241
3.16	Agreements between a director or a significant shareholder and a subsidiary	5	226
3.17	Summary table of current delegations of powers granted by the Annual General Meeting for capital increases	5	198-199
3.18	Method of exercising Executive Management	5	205
3.19	Composition, conditions of preparation and organisation of the work of the Board of Directors	5	186-205
3.20	Application of the principle of gender balance on the Board of Directors	5	192
3.21	Any limitations that the Board of Directors places on the powers of the Chief Executive Officer	5	205
3.22	Reference to a corporate governance code and application of the "comply or explain" rule	5	184; 233
3.23	Specific instructions for shareholders to participate at Annual General Meetings	5	226
3.24	Procedure for the evaluation of current agreements – implementation	5	197
3.25	Information likely to have an impact in the event of a takeover bid or exchange offer	5	227
4	**Shareholding and share capital**		
4.1	Structure, changes in the Company's share capital and threshold crossings	8	323-328
4.2	Acquisition and disposal by the Company of treasury shares	8	326
4.3	Employee profit-sharing statement as at the last day of the financial year (percentage of capital)	8	327
4.4	Possible adjustments for securities giving access to share capital in the event of share buybacks or financial transactions	8	326-327
4.5	Information on transactions by executives and related persons in Company shares	8	325
4.6	Amount of dividends that have been distributed for the previous three financial years	2	53
5	**Non-financial statement**	4	See the cross-reference table for the non-financial statement below.
6	**Other information**		
6.1	Additional tax information	6	275
6.2	Injunctions or financial penalties for anti-competitive practices	N/A	N/A

8.6.4 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL STATEMENT

The cross-reference table below highlights the information constituting the non-financial statement pursuant to Articles L. 225-102-1 and L. 225-102-2 of the French Commercial Code and references the pages of this Universal Registration Document.

Heading		Chapter(s)	Page(s)
1	**Business model**	Introduction	12-13
2	**Description of the main risks associated with the Company's or the Group's business, including, where relevant and proportionate, the risks created by business relationships, products or services**	4	162-163
3	**Information on the effects of the business on respect for human rights and the fight against corruption and tax evasion, and the way in which the Company or the Group takes into account the social and environmental consequences of its business (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks arising from the Company's or the Group's business)**	4	148; 162-167
4	**Results of the policies applied by the Company or the Group, including key performance indicators**	4	98; 111; 114; 130; 146; 152; 167
5	**Employee information (employment, work organisation, health and safety, employee relations, training, equal treatment)**	4	114-129
6	**Environmental information (general environmental policy, pollution, circular economy, climate change)**	4	130-145
7	**Societal information (societal commitments to sustainable development, subcontracting and suppliers, fair practices)**	4	146-161
8	**Information on the fight against corruption and tax evasion**	4	162-167
9	**Information on human rights actions**	4	115
10	**Specific notices:** • **the Company's policy on preventing the risk of technological accidents;** • **the Company's ability to cover its civil liability for property and persons arising from operating such facilities;** • **means provided by the Company to manage the compensation of victims in the event of a technological accident for which it is liable.**	N/A	N/A
11	**Collective bargaining agreements concluded within the Company and their impact on the Company's economic performance and on employees' working conditions**	4	120-121
12	**Report by the independent third party on the information presented in the non-financial statement**	4	178-180

Design and production: **côté**corp.

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