2020 Universal Registration Document.

ORPEA GROUP

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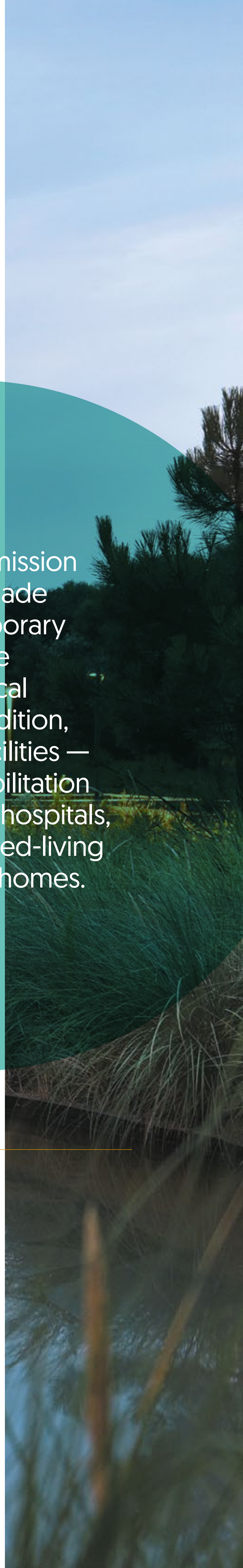
ORPEA GROUP

2020 Universal Registration Document.

including the annual financial report

The ORPEA Group's mission is to support those made vulnerable by a temporary loss of independence or longer-term physical or mental health condition, whether within its facilities — post-acute and rehabilitation hospitals, psychiatric hospitals, nursing homes, assisted-living facilities — or in their homes.



AUTORITÉ DES MARCHÉS FINANCIERS AMF

The Universal Registration Document was filed on 12 May 2021 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 41 and, where applicable, a summary and any modifications made to the Universal Registration Document. The entire 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 2018 Registration Document filed on 10 May 2019 under number D.19-0474 (https://www.orpea-corp.com/images/orpeafinance/pdf/Documentation/EN/2019/ORPEA_2018_Resgitration_Document_f1846.pdf) and the 2019 Universal Registration Document, filed on 12 May 2020 under number D.20-0455 (https://www.orpea-corp.com/images/orpeafinance/pdf/Documentation/EN/2020/ORPEA_URD_2019_UK.pdf).

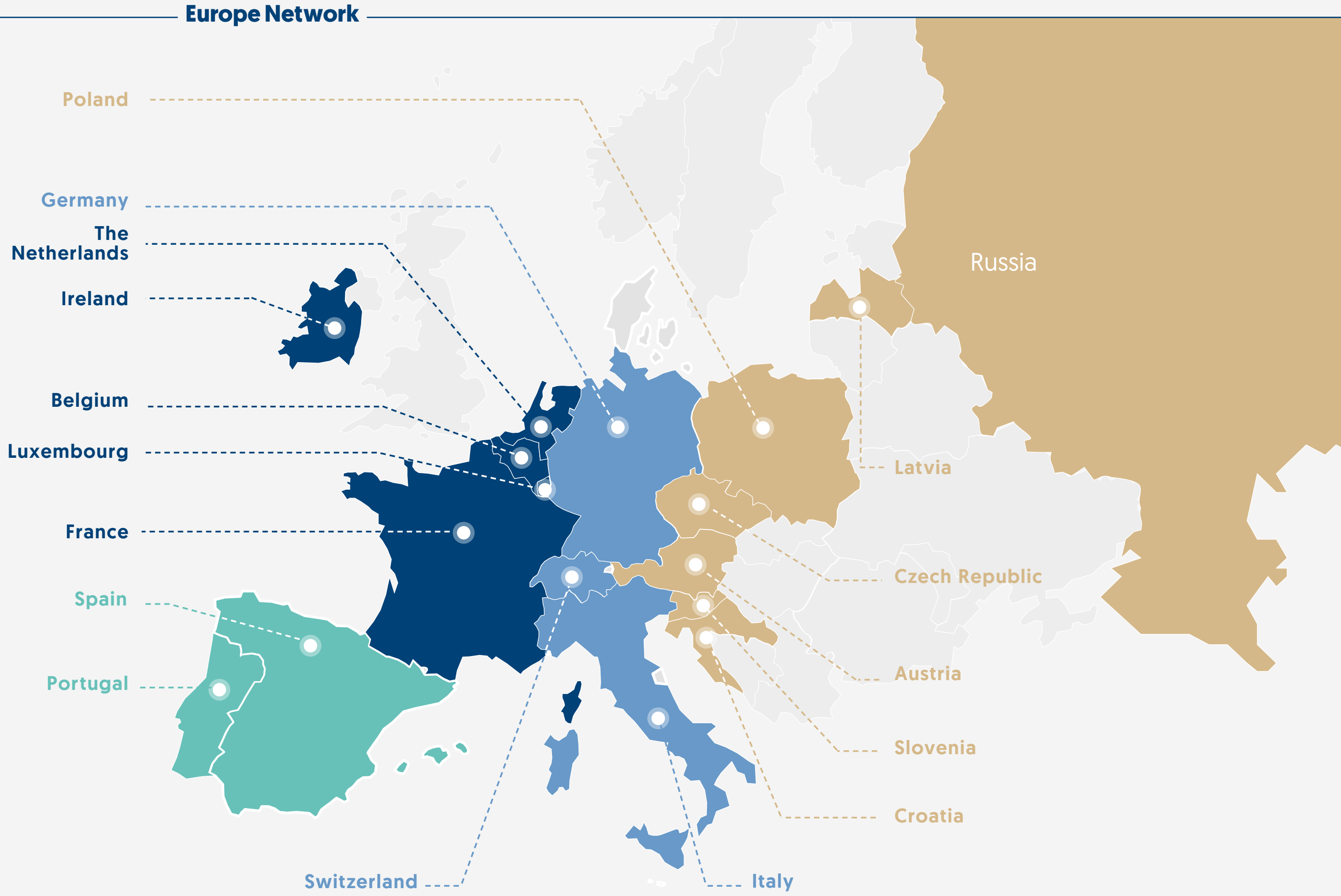
The aforementioned Universal Registration Document and Registration Documents are available on the AMF and ORPEA websites (www.orpea-corp.com, under Publications), or on request from the Company's registered office (ORPEA – Relations Investisseurs/Investor Relations – 12, rue Jean-Jaurès – CS 10032 – 92813 Puteaux Cedex, France).

The ORPEA Group develops care solutions around the world for all vulnerabilities

Since it was founded in 1989, the ORPEA Group has always focused on supporting all types of vulnerabilities whether these are temporary or lead to long-term care requirements. This *raison d'être* makes people our top priority and places individual growth at the core of our business.

In 1,114 facilities in 23 countries worldwide we now offer our care pathways and innovative care and health programmes for the benefit of those we support.

Europe Network



France Benelux	Central Europe	Eastern Europe	Iberian Peninsula + Latam
572 facilities	261 facilities	142 facilities	137 facilities
47,906 beds	27,976 beds	15,255 beds	20,139 beds

23
Countries

1,114
facilities

111,800
beds

Outside Europe

Latam

34 facilities

4,744 beds

Rest of the World (China)

2 facilities

525 beds

To ensure seamless and comprehensive care pathways, the Group has always favoured the continuity and wide range of care provided either at its post-acute and rehabilitation hospitals, psychiatric hospitals, nursing homes, assisted-living facilities or directly in individuals' homes. This offering is complemented with prevention and therapeutic health education programmes to give everyone the keys to maintaining and improving their quality of life.

This healthcare offering is provided in all countries in which we operate through the commitment and expertise of 68,800 employees. They strive day in and day out to provide personalised pathways that take into account the needs and wishes of our residents and patients, offering "active care" that combines prevention and cures as well as psychological and physical care. We forge relationships built on trust between each individual, which is the foundation of our commitment.

Since it was created 30 years ago, the Group has transformed its scale and outreach to become a global leader in 23 countries. Yet its philosophy and *raison d'être* have remained the same: to change the way society looks atvulnerable individuals and to support them in their recovery, healing, age, and dependency.

In 2020, against the backdrop of the global health crisis, the company mobilised all of its human, financial, and logistical resources to support and guide employees on the ground on a daily basis. Nevertheless the Group continued to grow internationally with the construction and acquisition of 8,769 additional beds.

An overall 8% growth of the network this year is proof of our commitment to continue the expansion strategy begun a decade ago. Over the past five years, we have increased our offering by 65% by adding 44,000 new beds.

> Nevertheless the Group continued to grow internationally with the construction and acquisition of 8,769 additional beds.

In 2018, the Group supported this development by creating a highly operational entity per geographical area. We reinforced this structure again in 2020 to continue to support faster growth and ensure that we were mobilising all functions essential to managing the health crisis. From the start of the pandemic, this organisation enabled us to put crisis units in place at all levels of the company: from cross-functional corporate departments to each of our facilities. Most of all, it enabled us to quickly adapt responses in terms of supplying protective equipment, disseminating health protocols and providing needed support to teams.

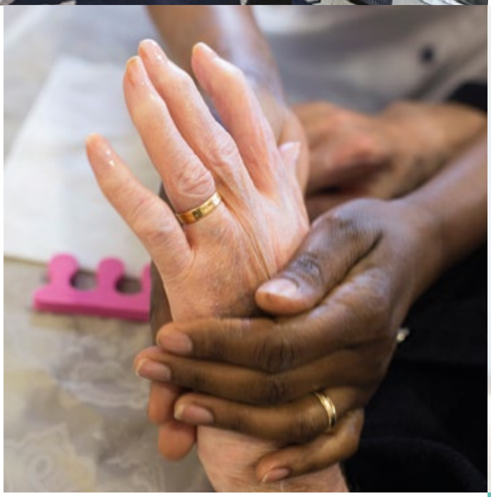
2020 will also be remembered as a pivotal year for the formalisation of our CSR roadmap. Even though our model incorporates a major intrinsic social and societal responsibility, this very particular year we have been through has highlighted this essential role, put it into words, and showcased our commitments in all of the Group's bodies.

€7.0 billion
of real-estate portfolio
as at 31/12/2020
x3 in 10 years

€3,922 million
in revenue
in 2020
x4 in 10 years

1,114
facilities
in strategic locations
at the heart of cities

111,800
beds
x3 in 10 years



68,800
employees as at 31/12/2020
x4 in 10 years

Placing people at the heart of our growth means that our entire ecosystem must remain open, vibrant, and communicative.

A WORD FROM THE CHIEF EXECUTIVE OFFICER

What wisdom or lessons should we take away from the year 2020, which was exceptional in every way? Was it a watershed, a turning point, or evidence of a post-pandemic world?

How can we not look back on the difficulties, the suffering, and the shock this health crisis unleashed in our societies across the globe? It upset our equilibrium and sense of certainty, made our teams' work so difficult, and really put each of us to a severe test.

That said, out of every crisis arises a new opportunity. For the ORPEA Group, 2020 brought to light the essential nature of its mission and professions. From the outset and inherent to our business activity, we have performed a public interest mission: caring for and supporting all vulnerabilities, giving vulnerable individuals a role to play and the recognition they deserve, making their voices heard and changing how society views them.

This past year, we went back to the basics of our lives, to the hierarchy of our needs and priorities. Our health, our family and social ties and the relationships of solidarity that we forge to build a society that makes room for everyone, regardless of their situation.

This reality has internally accelerated the momentum and formalisation of our CSR approach, structured around our stakeholders. Our roadmap is now fully integrated into the Group's bodies. We created it with a focus on human value, a value that is central to our ecosystem: men and women serving other men and women.

Our employees are central to the success of the company and its CSR challenges. My wish here is to express once again my gratitude to them for their unfailing commitment over these past long months. We could not have succeeded in overcoming this crisis without them. It is our corporate responsibility to value their contribution, support their professional development and training, and invest in their well-being to ensure they are happy and proud to carry out their roles. We will strive to further improve our dedicated measures in the years to come.

For the residents and patients who choose our facilities or our at-home support offers, we want to go even further. In addition to investing in research and innovation, we will specifically be improving and developing our prevention and therapeutic education programmes. Teaching people how to live with their illnesses, encouraging them to adopt behaviour that improves their health, preventing illnesses or relapses are all indispensable additions to our holistic and comprehensive care.

Placing the individual at the heart of our growth means that it is our entire ecosystem that we want to remain open, vibrant, and communicative; by establishing long-term, responsible and ethical relationships with our partners; by facilitating interactions and interconnections with schools, foundations, associations, artisans, local businesses, neighbours, etc.; by designing facilities to limit their impact on the environment and allow each individual to develop in a setting with a deeper respect for both themselves and our planet.

The reason we joined the United Nations Global Compact in 2020 is to provide a clear, transparent, and universal framework to our approach and make it as understandable as possible.

Our commitments are ambitious. We must pursue our model of social, health and ethical excellence. We will therefore continue to write these new pages on the scale of our international development, which made strides in 2020 and which we will continue to pursue in the years to come.

Yves Le Masne
Chief Executive Officer of ORPEA

People at the heart of our model with men and women committed to serving other men and women

Our 68,800 employees worldwide are devoted to supporting, caring for and looking after our residents and patients at our facilities or in their homes.

They do this while upholding the values in which we believe and which is the glue that binds the Group: professionalism, humility, benevolence, and loyalty. Whatever their profession, they translate these words into action day in and day out to serve frail and vulnerable individuals. In 2020, their commitment and profound attachment to these values was amply demonstrated during the unprecedented Covid-19 crisis. This health crisis created very emotionally charged care situations requiring the heightened attention of our teams to the psychological state of residents and patients in our facilities in an effort to safeguard their emotional equilibrium.

The work environment we create for our employees must be commensurate with these challenges and our standards. It is through a proactive and committed human resources policy that we have continued to deploy the comprehensive systems that welcome them from the moment they join the Group and support them throughout their professional careers.

Hiring, training and retention

To support the effort to remain attractive, the Group has digitalised its presence and expanded its distribution channels and partnerships worldwide, thereby continuing to improve the visibility of its employer dynamic.

To diversify its hiring sources, the Group has established new partnerships. These are local partnerships with training organisations, schools, universities, and associations and missions like the Red Cross and the France-based association *Nos Quartiers ont du Talent* [Our Neighbourhoods have Talent]. Also worth citing are initiatives that enable the Group to participate in national programmes like the "*1 jeune 1 solution*" [1 youth, 1 solution] operation in France to promote our activities to younger generations. Worth noting lastly are apprenticeships, provided by training schools and organisations, which are a talent pool broadly favoured by all of the company's business lines. This system inculcates the good practices of our facilities in already trained employees.

13,000 new hires joined the Group in 2020.

Training remains the cornerstone of ourHR policy. In this respect, the creation or existence of internal training schools is noteworthy. In most of the countries in which it operates, the Group has either created or acquired training schools that issue state-approved diplomas. In France, for example, there are five university diplomas dedicated to ORPEA: Psychiatry Nursing, Hygiene, Economics and HR Management and Troubled Teenagers.

Some countries have created campuses offering various training programmes to improve integration, technical skills and cross-functional skills. Programmes that recognise prior learning [*Validation des Acquis de l'Expérience* (VAE)] are also being broadly introduced within the Group with over 600 care assistants joining the VAE programme to become carers in the last two years.

The global training offering for employees to develop their skills are under the umbrella of the ORPEA ACADEMY. This shared training base is designed to share the fundamentals of the ORPEA core businesses and the Group's values, in addition to training sessions customised by country to take local requirements into account. Added to these is a base of mini-training sessions around some fifty themes, the choice of which is left to the discretion of the facility manager according to the events that punctuate the life of the facility.

In 2020, the company also paid particular attention to providing psychological support and care to its employees on the ground by creating a special programme designed to improve the psychological unit's interventions and take into account the specific and even traumatic context experienced by all.

10,000
staff hires in 2020

Anticipating new challenges in caring for the vulnerable so that we can respond to them better

Faced with an ageing population, growing urbanisation, increased isolation and the consequences these phenomena have on populations we must learn to anticipate them. Since its inception, the Group has strived to develop a forward-looking vision of its market to imagine the highest-performing solutions possible and those most suitable to the people in our care, in addition to meeting the expectations of future generations of residents and patients and those of our employees.

Whether creating new care pathways and programmes in partnership with start-ups, rethinking the resident and employee experience, or joining forces with researchers and universities to advance research, the Group believes in collective intelligence and planning ahead to enrich our services and care offerings.

A cross-functional and multidisciplinary approach to innovation to move our practices forward

The Corporate Innovation Department was created in 2019 with the goal of structuring the initiatives being carried out in all countries where the Group operates.

ORPEA has adopted an Open Innovation policy that values and encourages various sources of internal and external innovation from both management and employees on the ground. Its work priorities are primarily orchestrated around improving the care and services provided to residents and patients in addition to the conditions in which employees work, two challenges directly associated with the CSR roadmap.

In 2020, 108 active projects were identified around four innovation areas:

- Health and Care;
- Catering and Hospitality;
- Construction and Real Estate;
- Process.

To support the implementation of its ambitious roadmap, the company has committed to clarifying governance and processes to offer a coordinated yet decentralised approach at the local level: Innovation Officers by country/ Business Unit, Innovation Committees that are both Group-wide and within the geographical areas.

Such an organisation brings consistency to the efforts being made and provides an opportunity to share best practices all the while preserving the agility needed to innovate. With its international presence and its complementary care offerings, cooperation among countries and business lines are indeed encouraged. Which means that new approaches identified in one country can be tested and then deployed in others, or transposed from one business line to another. These practices give a real boost to innovation. To round off the entire programme, the Group has acquired a platform to centralise and track both internal and external collaborations. This tool is shared by all countries.

108
active projects

Driving academic research

In 2020, ORPEA launched and continued several research initiatives. First and foremost in the field of academic research, with the funding of PhD programmes and support for corporate research with four doctoral theses in France. At the same time, it stepped up its publication policy with the publication of 17 articles in international peer-reviewed scientific journals in 2020 versus nine the previous year.

Theoretical and clinical research by the Association for Institutional Mental Health Care (APSPI) also continued. The association organised its annual scientific conference themed “Symptom”, which was open to professionals from all lines of work (public, private or associations, health or nursing home entities, in France or abroad) representing a multitude of therapeutic approaches.

The ORPEA Group’s International Scientific & Ethics Council (ISEC), for its part issued ORPEA Excellence Awards 2020 which each year acknowledges employees who have proposed a project in the “Research”, “Clinical Ethics”, and “Caring Innovation” categories.

For 2020, the selections were made from among 27 innovative projects carried out by terms from eight countries. This sixth edition of the ORPEA Excellence Awards, conducted under particularly difficult conditions, once again demonstrates by its strong commitment, the capacity of the Group’s facilities and their employees to continue to innovate and build the offering of the future to serve both residents and patients.

“Research” category:
Flavien Quijoux for POSTADYCHUTE. This predictive tool assesses the risk of falls by elderly patients in institutions.

“Clinical Ethics” category:
Haus-Edelberg Residence of Kernen (Germany) for its intercultural workshop on the topic of end-of-life and death “Giving days more live-culture”. This workshop is developing a resident-focused approach based on a rigorous analysis of their needs and expectations that are at once preventative and multidisciplinary, which empowers residents.

“Caring Innovation” category:
Château d’Herblay Clinic (CLINEA SSR France) for its PREVaction programme, a comprehensive health and prevention education approach.

In view of the quality of the projects proposed, the jury also awarded two special distinctions in the “Caring Innovation” category.

- Home chemotherapy treatment, offered by Allerzorg Home Care teams in Woerden in the Netherlands. This programme aims to improve the quality of life of the very elderly or those with reduced mobility by offering home-based chemotherapy care instead of requiring them to travel to the hospital.
- “EM Table©”,passive horizontal stimulation for quality of life among those with reduced mobility, a project spearheaded by Spanish teams at ORPEA’s Mirasierra rehabilitation facility in Madrid. This innovation recreates the effects produced by physical activity by inducing passive movements along a horizontal plane.

A global strategy built on social and societal responsibility and value creation

Our mission is to support individuals on a daily basis

ORPEA is at the heart of an ecosystem that serves people. By making people our top priority, we are placing individual growth at the core of each and every action we engage in.

This is true with our patients and residents whom support with humility, benevolence, loyalty and professionalism.

It is true with our employees, by allowing them to develop and grow both professionally and personally.

It is true with our partners with whom we are building sustainable and responsible partnerships.

It is true in our facilities, which we have designed to be more virtuous in terms of their environmental, quality-of-life, and workplace impacts.

And lastly, it is true with the local communities that surround us with whom we are forging ties and building cooperation in a way that will bring more inclusivity and solidarity to the territories.

The creation in 2020 of the CSR and Innovation Committee on the Board of Directors is proof of the Group's desire to strengthen its commitment in this area. It is to this end that ORPEA also joined the United Nations Global Compact in 2020.

Longer life expectancy, the increasing number of neurodegenerative diseases, and the sharp rise of emotional disorders worldwide have made our Group an essential player in the care of vulnerable populations. That is why we are pursuing our long-term expansion strategy founded on quality and value creation, as we continue to provide new customised solutions.

Unchanged long-term strategy

- **Increasing attractiveness** of our professions for the talent of tomorrow. **Rewarding and retaining** the Group's 68,000 existing employees. Meeting these two challenges are key to our long-term growth. To achieve these goals, we rely on a Human Resources policy established Group-wide and rolled out locally by country teams in each region in which we operate.
- **Creating high-quality facilities** with two priorities: designing an optimal living and care environment for residents and patients, and ensuring the best quality of work life for employees. The Group's know-how in this area is partially the result of the ongoing cooperation of internal architecture and construction teams with the medical and operational teams.
- **Continuing our international expansion.** The Group continues to grow in the largest cities of the countries in which it operates by opening new facilities and seizing acquisition opportunities.
- **Focusing on innovation and research** to rethink and build the care and support programmes of tomorrow.
- **Committing to local territories** by developing synergies with all local stakeholders. In so doing, the Group would like to act together with each individual, each facility, each neighbourhood, and each territory, while meeting both shared and global objectives.

1

PRESENTATION OF THE ORPEA GROUP AND ITS MARKETS

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 conditions. 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 an integrated 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 ambulatory care (outpatient services);
- psychiatric hospitals for people with mental illness;
- home care and services;
- senior assisted-living facilities.

ORPEA's core business is to look after people with loss of independent living skills (physical or mental) by providing them with the essential care they require for their well-being and by supporting them in their activities of daily living so they can live with dignity in accordance with their own wishes.

Since it was founded in 1989, ORPEA has always made the quality of its care and services the cornerstone of its expansion strategy. The ORPEA Group has undertaken to devote all the requisite human and technical resources to ensure the well-being of its patients and residents and to provide them with the best possible care.

Over the last 30 years, ORPEA has grown to become one of the world leaders in long-term care with 111,801 beds in 1,114 facilities across 23 countries at 31 December 2020 against a backdrop of more rapidly ageing populations – not only in Europe but also worldwide – and increasing need for specialisation and medical care in what is a fragmented sector.

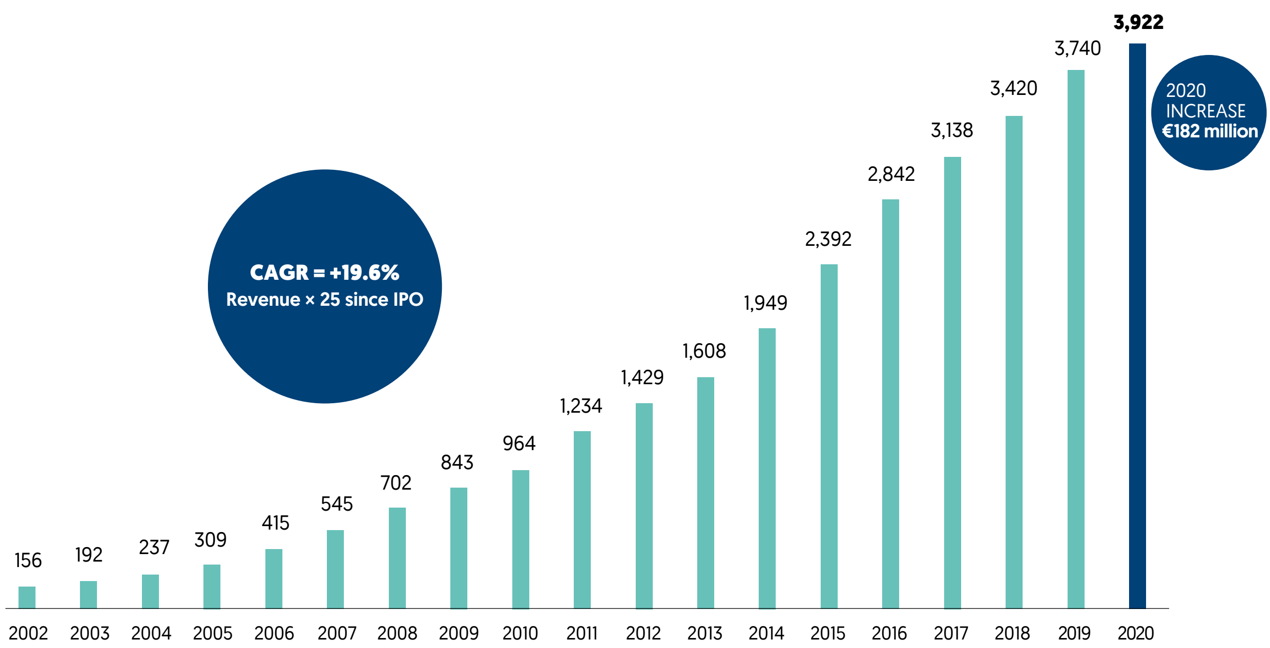
ORPEA is now a global player with an organisation structure primed for expansion and the roll-out of its model of delivering high-quality care via its five geographical regions: France Benelux (France, Belgium, the Netherlands, Luxembourg, Ireland), Central Europe (encompassing Germany, Switzerland and Italy), Eastern Europe (Austria, Poland, the Czech Republic, Croatia, Slovenia, Latvia and Russia), the Iberian Peninsula + Latin America (Spain, Portugal, Brazil, Uruguay, Mexico, Chile, Colombia) and finally the other countries (to date only China).

Thanks to this new organisation, its financial flexibility and its five geographical regions, ORPEA will continue rising to the challenges posed by population ageing around the world with a high-quality offering for people with major long-term care requirements.

1.1 ORPEA's key figures

1.1.1 REVENUE

▪ **Growth in the Group's revenue since the IPO**
(in millions of euros)

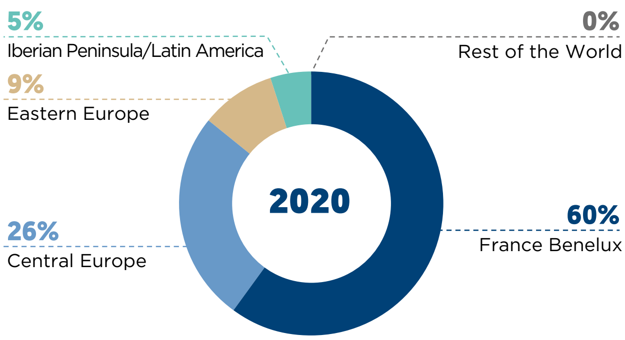


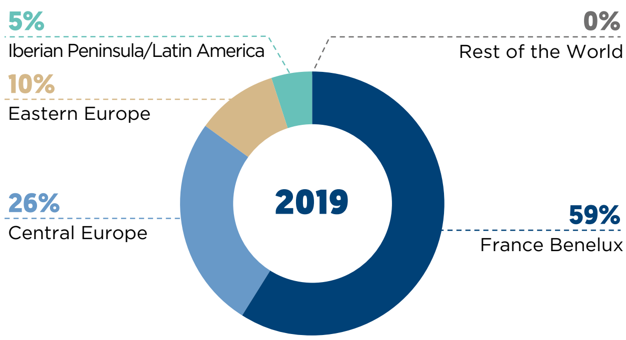
CAGR: Compound annual growth rate.
IPO: Initial Public Offering.

(in millions of euros)	2020	2019	2020/2019 change *(as a %)*	2018
France Benelux	2,363.9	2,218.4	+6.6%	2,040.3
Central Europe	1,010.6	961.6	+5.1%	875.1
Eastern Europe	365.6	358.7	+1.9%	335.0
Iberian Peninsula/Latin America	179.0	198.3	-9.7%	167.4
Rest of the World	3.2	3.1	NM	2.0
TOTAL	**3,922.4**	**3,740.2**	**+4.9%**	**3,419.8**

Composition of geographical regions: France Benelux (France, Belgium, the Netherlands, Luxembourg, Ireland), Central Europe (Germany, Italy and Switzerland), Eastern Europe (Austria, Poland, Czech Republic, Croatia, Slovenia, Latvia), the Iberian Peninsula + Latin America (Spain, Portugal, Brazil, Uruguay, Mexico, Chile, Colombia), Other countries (China).

▪ Geographical breakdown of 2020 and 2019 revenue

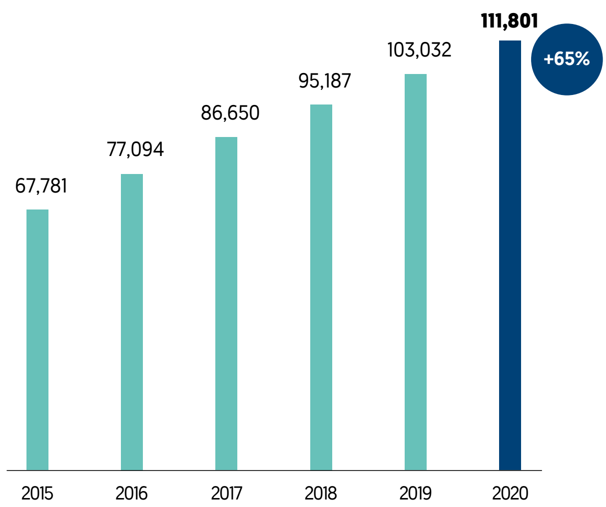




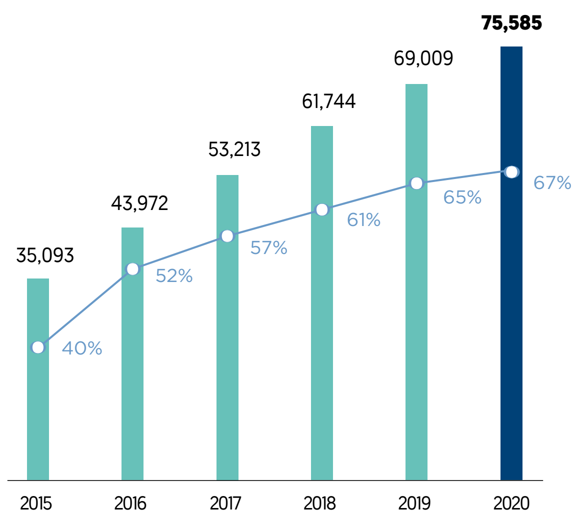
1.1.2 NETWORK EXPANSION

▪ Network's growth momentum

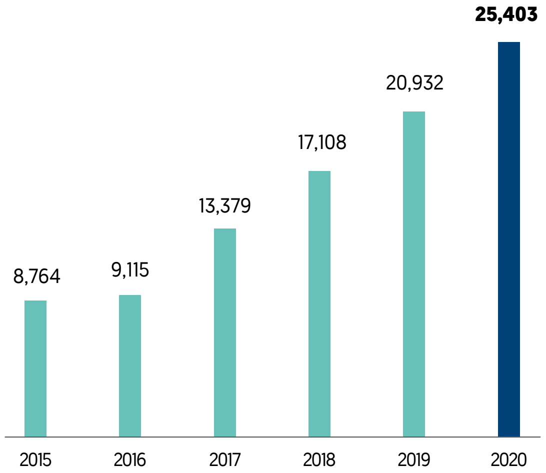
TOTAL NETWORK
(number of beds)



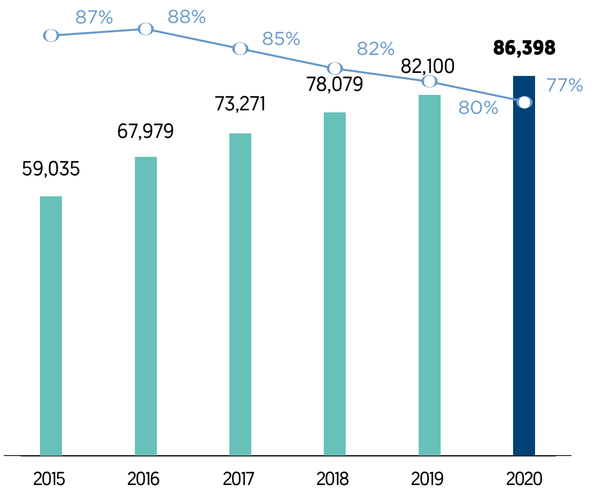
INTERNATIONAL NETWORK
(number of beds and as a % of the total network)



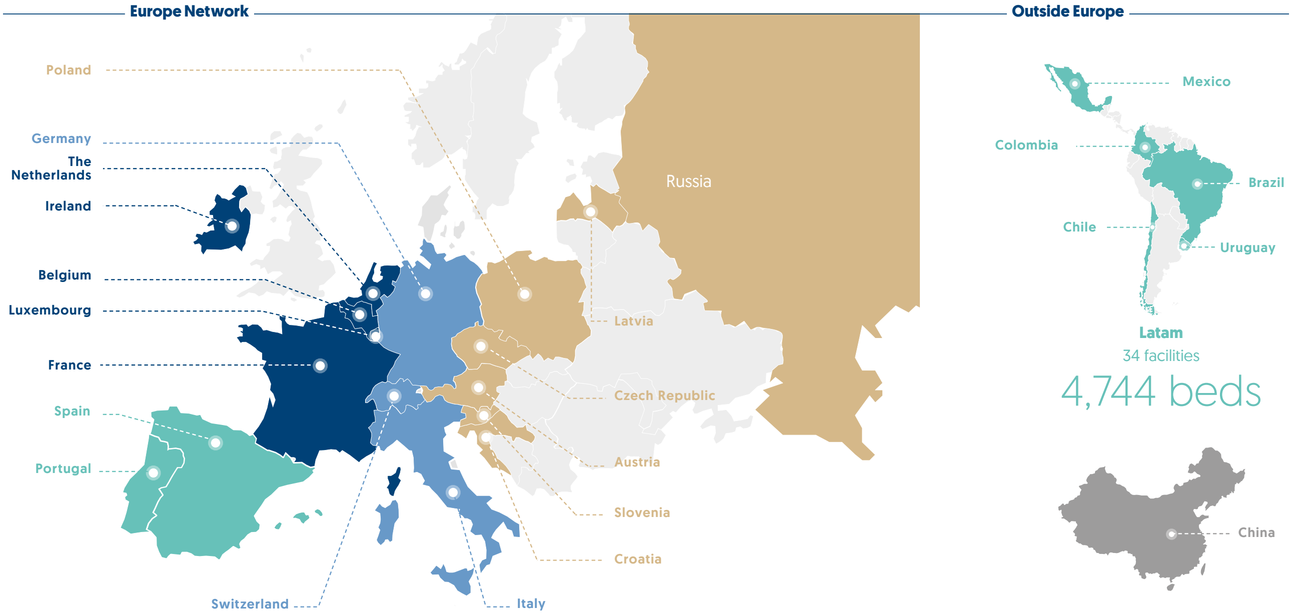
GROWTH PIPELINE
(number of beds under construction and redeployment)



NETWORK MATURITY
(number of mature beds and as a % of the total network)



Global network of 111,801 beds at 1,114 facilities at 31 December 2020



France Benelux	Central Europe	Eastern Europe	Iberian Peninsula + Latam	Rest of the World (China)
572 facilities	261 facilities	142 facilities	137 facilities	2 facilities
47,906 beds	27,976 beds	15,255 beds	20,139 beds	525 beds

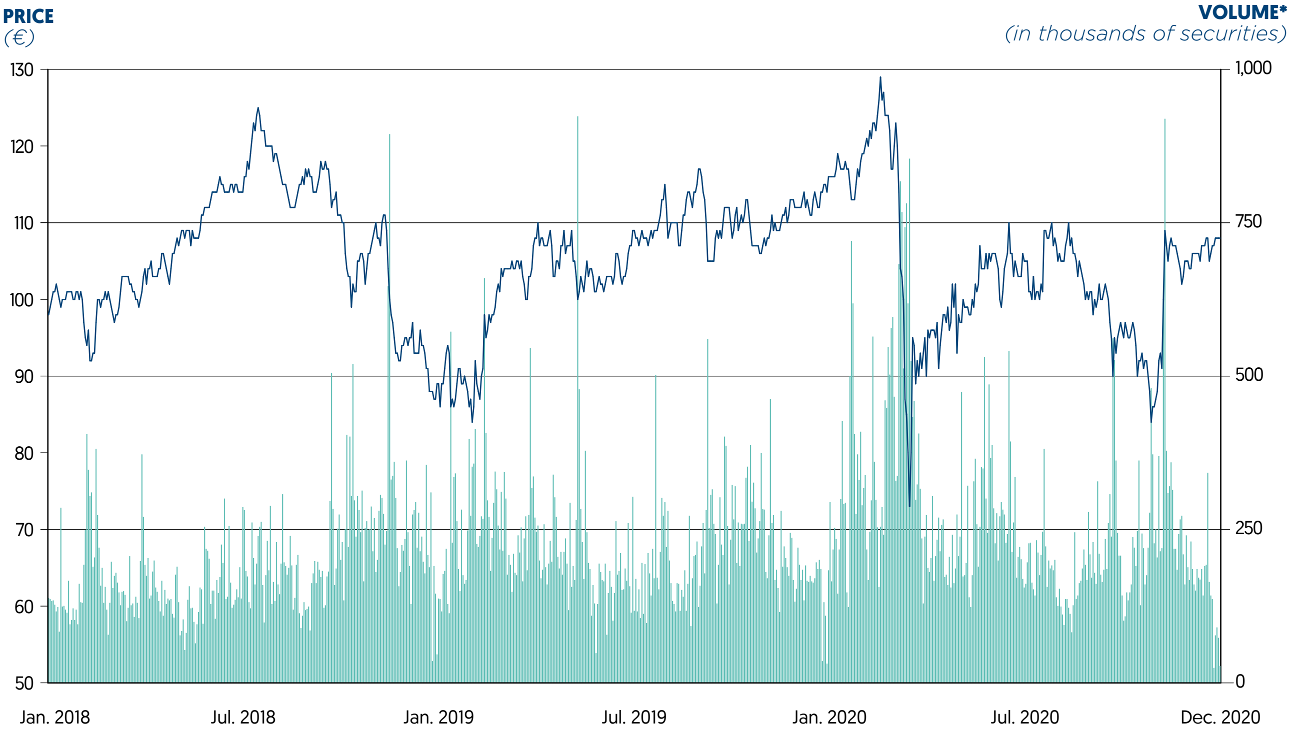
BEDS IN OPERATION AND BEDS UNDER CONSTRUCTION BY GEOGRAPHICAL REGIONS OVER THE PAST TWO YEARS

N.B. Beds under construction are not in operation.

	Number of sites			Number of beds			Of which beds in service			Of which beds under construction and redeployment		
	31/12/2020	31/12/2019	Change	31/12/2020	31/12/2019	Change	31/12/2020	31/12/2019	Change	31/12/2020	31/12/2019	Change
France Benelux	**572**	**500**	**72**	**47,906**	**44,068**	**3,838**	**42,540**	**39,316**	**3,224**	**5,366**	**4,752**	**614**
France	372	352	20	36,216	34,023	2,193	32,673	31,127	1,546	3,543	2,896	647
Belgium	71	64	7	7,498	7,419	79	7,230	6,970	260	268	449	-181
Netherlands	116	82	34	2,844	2,261	583	1,676	1,219	457	1,168	1,042	126
Luxembourg	2	2	-	365	365	-	-	-	-	365	365	-
Ireland	11	-	11	983	-	983	961	-	961	22	-	22
Central Europe	**261**	**249**	**12**	**27,976**	**26,491**	**1,485**	**22,148**	**21,606**	**542**	**5,828**	**4,885**	**943**
Germany	191	185	6	20,557	19,583	974	17,105	16,654	451	3,452	2,929	523
Switzerland	40	37	3	3,924	3,679	245	3,066	2,952	114	858	727	131
Italy	30	27	3	3,495	3,229	266	1,977	2,000	-23	1,518	1,229	289
Eastern Europe	**142**	**135**	**7**	**15,255**	**14,419**	**836**	**11,154**	**10,772**	**382**	**4,101**	**3,647**	**454**
Austria	87	85	2	7,995	7,815	180	7,041	7,074	-33	954	741	213
Poland	23	23	-	2,886	2,886	-	1,190	1,103	87	1,696	1,783	-87
Czech Republic	20	19	1	2,828	2,725	103	2,044	2,044	-	784	681	103
Slovenia	9	7	2	1,018	793	225	551	551	-	467	242	225
Latvia	1	-	1	202	-	202	202	-	202	-	-	-
Croatia	1	-	1	126	-	126	126	-	126	-	-	-
Russia	1	1	-	200	200	-	-	-	-	200	200	-
Iberian Peninsula/ Latin America	**137**	**119**	**18**	**20,139**	**17,914**	**2,225**	**10,416**	**10,266**	**150**	**9,723**	**7,648**	**2,075**
Spain	66	64	2	11,331	11,077	254	8,992	8,842	150	2,339	2,235	104
Portugal	37	29	8	4,064	3,108	956	728	728	-	3,336	2,380	956
Brazil	22	19	3	2,958	2,752	206	471	471	-	2,487	2,281	206
Uruguay	3	3	-	309	326	-17	100	100	-	209	226	-17
Colombia	4	2	2	641	321	320	-	-	-	641	321	320
Mexico	5	2	3	836	330	506	125	125	-	711	205	506
Rest of the World (China)	**2**	**1**	**1**	**525**	**140**	**385**	**140**	**140**	**-**	**385**	**-**	**385**
TOTAL	**1,114**	**1,004**	**110**	**111,801**	**103,032**	**8,769**	**86,398**	**82,100**	**4,298**	**25,403**	**20,932**	**4,471**

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;
- component of the CAC Mid 60, SBF 120, STOXX Europe 600 and the MSCI Small Cap Europe indices;
- eligible for the deferred settlement service (DSS).

HISTORICAL ANNUAL PERFORMANCE DATA

	2020	2019	2018
Closing price at 31/12	€107.55	€114.30	€89.22
12-month closing high	€128.50	€117.60	€124.85
12-month closing low	€72.70	€83.56	€87.18
Number of shares at 31/12	64,631,325	64,615,837	64,586,323
Market capitalisation at 31/12	€6,951 million	€7,386 million	€5,762 million
Year-on-year share price performance	-5.9%	+28%	-9%
Average daily trading volume* *(in number of shares)*	266,528	224,039	192,596
Average daily trading volume*	€28 million	€23.4 million	€20.4 million
12-month turnover	106%	88%	76%

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

1.2 The ORPEA Group's business activities

ORPEA cares for people with loss of independent living skills either in their home or in the nursing homes, post-acute and rehabilitation hospitals, and psychiatric hospitals it runs.

Since it was founded in France in 1989, the ORPEA Group has expanded and is now present in 22 other countries (Germany, Austria, Belgium, Brazil, Chile, China, Colombia, Croatia, Spain, Ireland, Italy, Latvia, Luxembourg, Mexico, Poland, the Netherlands, Portugal, the Czech Republic, Russia, Slovenia, Switzerland and Uruguay).

A rigorous and selective approach has guided this stunning pace of development. The Group has always made the quality of its care for all its residents/patients, irrespective of the extent of their care needs, the cornerstone of its development. By pursuing a carefully managed combination of organic growth through the creation of new facilities and selective acquisitions, ORPEA has made sure that it can continue delivering a high standard of care and services to its residents and patients.

ORPEA's strategy has been to expand in countries providing a high level of visibility as a result of their ageing population, an insufficient and/or poorly structured care offering, high barriers to entry, including operating licences, and exacting standards.

Harnessing the experience it has gained in France, ORPEA has developed a powerful model, which it can now roll out across all the countries where it operates, giving due regard to specific local constraints and culture. Its goal is to deliver a carefully crafted range of care and related services geared to the needs of the population in each country.

1.2.1 STEP-BY-STEP CREATION OF A EUROPEAN LEADER

The ORPEA Group has been built methodically from the ground up. Today, it is able to deliver an integrated range of high-quality long-term care, and is a leading name in France and around the world in a fast-growing sector.

ORPEA has always replicated the same model in every country where it operates based on high-quality services attuned to the demands of local and national supervisory authorities and of patients and residents.

- 1989: The ORPEA Group is founded by Dr Jean-Claude Marian, now its Honorary Chairman.
- 1989-1995: The Group expands in France largely through the creation of 46 facilities, representing 4,600 nursing home beds.
- 1995: The Group consolidates and fleshes out its organisation: ORPEA sets up its administrative headquarters in the Paris region to organise and oversee the ORPEA Group's accounting, financial and HR affairs. Standardised management methods are introduced at all the Group's sites and the initial elements of a systematic and enduring quality-led approach are formally laid down.
- 1999: Development of a medium-stay care offering: ORPEA focuses on opening new and acquiring post-acute and rehabilitation hospitals and psychiatric hospitals.
- 2002: IPO: ORPEA is floated successfully on the Second Marché of Euronext Paris on 16 April 2002. This natural, yet crucial step in the Group's history raises its profile in France and across Europe. The capital raised also helps to accelerate its expansion drive.
- 2004: Expansion across Europe: ORPEA opens its first two facilities in Italy, in partnership with Italian mutual insurance company Reale Mutua, which owns the buildings. ORPEA commences its drive to expand across Europe, while continuing to focus on its core business of building and managing post-acute and psychiatric hospitals and nursing homes.
- 2006: Further international expansion: ORPEA acquires facilities in Switzerland (psychiatric hospital in Nyon on Lake Geneva), in Belgium (geriatric complex in central Brussels), and in Spain (Grupo Care, with 1,504 beds in 15 facilities).
- 2007: ORPEA joins the Deferred Settlement Service (DSS), improving the stock's liquidity.

  The international growth strategy paid off, with 10% of consolidated revenue generated outside France (an increase of over 85%) for the first time.
- 2008-2009: ORPEA fleshes out its organisation in Europe: functional headquarters are established in Belgium, Spain and Italy, and its quality policy is rolled out across all its facilities in Europe, replicating the French management model.
- 2010: ORPEA completes the largest deal in its history, with the strategically important acquisition of the MEDITER group, which owns a majority stake in the Mieux Vivre Group, and of a 49% stake in the MEDIBELGE group, which operates a total of 4,866 beds in 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 drive, acquiring Artevida in Spain (1,162 beds and places) and taking full ownership of MEDIBELGE in Belgium. The Group also diversifies its sources of funding by placing its first private bond issue with major French institutional investors.
- 2013: A strategic long-term shareholder comes on board, with CPPIB, Canada's largest pension fund with around CAD 200 billion under management, becoming the Group's leading shareholder with 15.9% of the capital. This helps to raise ORPEA's profile and underpins the sustainability of its long-term development.
- 2014: ORPEA's international expansion drive accelerates further, especially in German-speaking countries, with two strategic acquisitions: SENEVITA in Switzerland (2,293 beds in 21 nursing homes) and SILVER CARE in Germany (5,963 beds in 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 4,236 beds, and in Germany with the CELENUS KLINIKEN group, which operates 15 hospitals (2,602 beds), plus two regional groups ideally complementing SILVER CARE's existing network. RGB (3,006 beds) and VITALIS (2,487 beds). VITALIS was not consolidated until January 2016.

- 2016: ORPEA's international expansion reaches a new milestone, with the acquisition of MEDI-SYSTEM, Poland's leading long-term care provider with 704 beds, opening up fresh opportunities for ORPEA in Poland, and also of Sanyres (3,300 beds), bolstering the Spanish network. Late on in the year, the Group also expands its range of care solutions in Switzerland by purchasing Spitex Ville et Campagne, the leading private provider of home care in Switzerland. Lastly, ORPEA opens a 140-bed facility in Nanjing, its first in China.
- 2017: ORPEA achieves a global dimension by establishing a base in Latin America, with 2,185 beds under construction in Brazil in a partnership venture with SIS Group. ORPEA also continues to scale up its European network in Portugal (1,100 beds under construction in partnership with SIS Group), in Austria through the acquisition of Dr. Dr. Wagner (1,812 beds), in the Czech Republic with the acquisition of Anavita (932 beds in six nursing homes) and in most of the other countries in which it is already present, through the creation of new facilities and targeted acquisitions. Lastly, ORPEA strengthens its balance sheet with the early redemption of its ORNANE bond.
- 2018: ORPEA restructures its organisation into geographical regions and boosts its international operations by expanding into the Netherlands and acquiring DAGELIJKS LEVEN (800 beds/40 nursing homes) and WOONZORGNET (162 beds/7 psychiatric hospitals). ORPEA continues its selective expansion drive. In Germany, it acquires Inoges, Germany's leading provider of outpatient post-acute and rehabilitation care. In parallel, the Group introduces a Cluster-based organisation built to realise its global expansion ambitions and to ratchet up its growth potential while tightening up its control capabilities.
- 2019: ORPEA strengthens its position in the Netherlands with the acquisition of ALLERZORG (home care) and SEPTEMBER (175 beds/7 nursing homes). In Germany, the Group steps up the "premiumisation" of its German network with the acquisition of the Axion group (985 beds/7 nursing homes). ORPEA consolidates its positions in Brazil and Portugal with the acquisition of the remaining stakes in the partnership venture with SIS.
- 2020: ORPEA finalises four acquisitions enabling it to improve its Mental Health offering in France with the acquisitions of Sinoué and Clinipsy, and to enter the nursing home sector in Ireland with the acquisitions of the TLC and Brindley Healthcare groups.

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

The ORPEA Group has built up its core business by harnessing its expertise in providing all forms of long-term care – for those with physical and intellectual, permanent and temporary impairments – irrespective of how advanced their conditions are. Its solutions cater for:

- loss of independent living skills due to ageing;
- rehabilitation after a health event or as a result of a chronic illness;
- mental illness.

ORPEA delivers an integrated range of consistent care and services for people experiencing a loss of independent living skills via its network of specialised units:

- nursing homes;
- senior assisted-living facilities;
- post-acute and rehabilitation hospitals;
- Psychiatric and psychosomatic hospitals;
- residential and social reintegration facilities for people with mental health conditions;
- outpatient centres;
- home care services.

1.2.2.1 FACILITIES FOR THE ELDERLY

Diversified range of accommodation

Nursing homes

Most of the ORPEA Group's facilities for the elderly are nursing homes. Long-term care accounts for a predominant share of ORPEA's facilities in each country in which it operates.

That said, ORPEA facilities also provide complementary accommodation solutions which offer appropriate life and care choices for elderly people with loss of independent living skills and to satisfy demand from public authorities including:

- temporary accommodation: an elderly person may wish to have a temporary stay in one of the Group's facilities for reasons including:
  - to provide respite for their family or professional caregivers who look after them in their home,
  - because of disruption to their care arrangements at home, because their partner is hospitalised, because their in-home care providers are away, because of an emergency or while care arrangements are put in place,
  - after a hospital stay when a return home is considered to be too much too soon by their family, either because they have not yet regained their strength or because arrangements need to be put in place;
- day visits: these allow elderly persons living at home to enjoy the benefit of therapeutic and social activities tailored to their needs one or more times a week, plus events and entertainment to maintain their social lives. These solutions aim to ease the burden on family carers and to support in-home care as effectively as possible. Day visits can also help in the battle against family and social isolation by creating places where they can spend time with family and friends.

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 the resident's needs and desires, forming the basis for all their accommodation and care;
- logistic and residential services such as accommodation, a diverse range of meals, the vast bulk of which are prepared on-site, meeting European standards and served in the dining hall, laundry and room cleaning services, as well as various daily events and entertainment and therapeutic workshop activities, for individuals and for groups.

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

In all the countries it serves, ORPEA's facilities are equipped to look after the needs of residents suffering from Alzheimer's disease 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 devised architectural principles for these units based on its knowledge of the issues associated with Alzheimer's disease and the following guidelines:

- **patient's** dignity and individual needs are respected, they are free to 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 they are also able to spend family time in a dedicated room;
- **staff** are able to work in a carefully designed and safe environment in which they are able to monitor passively 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. Special training modules have been devised and introduced to help teams working in these units and a national lead coordinates projects.

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 and nurture 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.

Units caring for the frailest residents

An observation of the demographic trends among the populations living in homes for the elderly shows it is essential to accommodate the frailest individuals, those with multiple chronic conditions and impaired motor skills in dedicated units with special care plans and arrangements.

These specially designed units meet the needs and expectations of residents and their families. They aim to provide bespoke care, including higher levels of monitoring for residents at risk of decompensation to avoid the need for external hospitalisation. Hospital stays need to be kept to a minimum and as short as possible. Though they may be medically justified, they may often cause deterioration in the condition of the elderly and the frail.

Every detail of the units is tailored to the frailness of the people they look after and to the effectiveness of the service. The units are kitted out with the technical equipment they need to provide the appropriate care in a user-friendly architectural environment.

They operate in a fully autonomous manner, with meals served on site, an area for dispensing care, dedicated staff specifically trained in looking after frail individuals (taking into account specific needs, attentiveness), including nurses, care assistants, activity leaders, psychologists, physical therapist, etc.

Senior assisted-living facilities

In Belgium, Switzerland, Germany, and to a lesser extent in 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. Senior assisted-living facilities have common areas.

The facilities are made up of various type flats (1-room to 3-room) equipped with a basic kitchen and bathroom and on-call assistance. When help is required, the relevant homecare services teams or healthcare professionals can be called upon.

This new type of facility provides residents with a warm and friendly place to live in which everything is designed for their comfort and safety.

Care in nursing homes

Meticulous organisation is needed to look after the elderly requiring long-term care in a nursing home. Care consists of assistance with everyday tasks several times a day. It also includes support, nursing and patient care services. A multidisciplinary team (its precise composition varies according to each country's legislation) is in charge of overseeing care services in the facility, in line with the prescriptions and recommendations of each resident's treating doctor.

Staying true to the values that flow from best professional practice, these multidisciplinary teams provide the care prescribed by the doctors. The care teams overseen by a head nurse as a minimum and, in certain countries, a coordinating doctor, consist of nurses, healthcare and psychosocial assistants. Their exact make-up and structure also vary from country to country.

External healthcare professionals (physiotherapists, speech therapists, and psychologists, etc.) may be brought in based on medical advice to provide additional care. Teleconsultations have been introduced in several countries which help reduce residents' physical medical visits and even decrease the number of unnecessary hospital stays and shorten their duration.

Therapeutic workshops led by paramedical staff help to prevent, slow and combat the risks inherent in later life and for residents requiring high levels of care.

The ORPEA Group relentlessly seeks out innovative new care, communication and security technologies. It develops non-drug-based therapies and tools for fall detection, anti-wandering and physical exercise technologies.

The care requirements and risks of each new resident are assessed by a multidisciplinary team to establish a personalised care plan. Each plan is drawn up individually to meet residents' needs and desires and comply with the best practices in geriatric care.

Integrating the nursing home within the local health and social community helps to make the overall care plan as effective as possible. It creates opportunities for partnerships and access to specialist consultations, telemedicine, lifelong training and the transfer of residents in emergencies.

Bringing in interns and student healthcare professionals can be a great addition to the teams, while giving the future professionals additional motivation and insights.

Nursing home care plans

A personalised care plan is drawn up for each and every resident after discussions with the individual and their family. It takes into account their life story, their wishes and their interests.

Staff endeavour to create a pleasant and welcoming living environment by organising activities on a daily basis. A coordinated programme of events and entertainment is arranged by a qualified professional with two main aims:

- **social and entertainment activities** (arts and crafts, shows, days trips, etc.) to sustain residents' occupational interests: ORPEA's priority is to make all its facilities pleasant and warm living places, so that residents can rebuild their often fragile ties with others;
- **occupational therapy workshops** on keeping up physical and intellectual capabilities (press review, light exercise and balance training, art therapy, etc.) and sometimes even spa therapy and reminiscence therapy, to act preventively against the risks linked to ageing.

Family and friends are invited to take part in the life of the facility to maintain family ties.

Each nursing home is part of the local and regional social and medical network and has or is able to accommodate a nursery school, school tuition support, students, and local charitable organisations, thereby helping to maintain inter-generational ties.

1.2.2.2 POST-ACUTE AND REHABILITATION HOSPITALS

The ORPEA Group's post-acute and rehabilitation hospitals, which are located in France, Switzerland, Italy, Germany, Poland, Portugal and Austria, care for patients requiring functional rehabilitation or treatment balancing overseen 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 as possible of their former independence, so that they can prepare to return to their social and working life and move back home.

In Germany, the fundamental role of a rehabilitation hospital (and also of a psychiatric hospital) is to help patients to get back to work.

Rehabilitation care services

ORPEA has developed an integrated rehabilitation offering, which comprises both inpatient and outpatient services to meet patient demand for rehabilitation in outpatient and inpatient hospitals so that they can prepare to return home in the best possible manner.

In addition to general rehabilitation, the Group's hospitals have developed specialisations by bringing in professionals with the requisite skills. By doing so, they are able to meet the regional and national health requirements in line with each country's public health targets.

ORPEA has developed the following specialisations:

- **Geriatrics:** dedicated to MCC patients aged 75 years or over, with or at risk of having long-term care requirements. These dedicated units cater to the complex health needs of frail elderly patients arising from the multiple chronic conditions, specific risks of decompensation, loss of physical and intellectual independent living skills, plus psychosocial and family problems in many cases. The care team's gerontological analysis helps to provide personalised care and manage the greater risks facing the elderly. These geriatric units cater for those who have been laid low by a health condition (surgical or medical), either at home or in hospital, and whose frail state risks causing physiological decompensation.
- **Musculoskeletal conditions:** providing specialised care for patients from trauma, orthopaedic or rheumatological departments. These services look after patients suffering from disabling musculoskeletal conditions such as hip and knee replacements, knee ligament surgery, shoulder conditions and rehabilitation for rotator cuffs, post-spinal surgery care or chronic back pain, inflammatory and degenerative rheumatism or sportspeople requiring intensive physiotherapy after surgery.
- **Nervous system diseases:** taking care of patients:
  - after strokes;
  - suffering from a degenerative neurological disease (multiple sclerosis, amyotrophic lateral sclerosis, Guillain-Barré syndrome, etc.) following flare-ups of this disabling disease, intercurrent complications or related surgery (spasticity, ulcers, urology, etc.) for a global assessment of the deficiencies and preventive actions, and arrangement of appropriate homecare and therapeutic assessment.
- The ORPEA Group also has units specialised in looking after patients in a **persistent vegetative state (PVS) or in a minimally conscious state (MCS).** These special units house patients with serious neurological trauma requiring constant high-level care.
- **Cardiovascular conditions:** providing post-operative care for patients who have had heart surgery, a complex myocardial infarction (heart attack) and/or additional complications, or chronic heart failure, infective endocarditis, peripheral vascular disease, or primary or secondary arterial hypertension. The rehabilitation programme consists of reintroducing physical activity for recovery purposes and secondary prevention to make sure patients are better informed about their illness and treatment. It improves patient outcomes, prevents deterioration and reduces the risks of future cardiac problems. It usually includes:
  - medical monitoring;
  - an assessment of physical capabilities;
  - an analysis and assessment of risk factors, and rehabilitation including effort training;
  - therapeutic education about lifestyles, managing the treatment and nutritional advice.
- **Haematology and oncology:** providing "follow-on" care for patients from acute oncology units, whose state of health does not allow them to return home immediately. In most cases, this care caters for:
  - a treatment interval between courses of chemotherapy for frail patients at high risk of decompensation;
  - patients who need to learn how to use medical devices with which they have been fitted;
  - the balancing of pain treatments;
  - enteral or parenteral nutrition;
  - the monitoring of side effects of active or palliative treatments.

The Group's rehabilitation facilities have qualified multidisciplinary medical and nursing teams on hand. They are made up of generalist and specialist physicians, nurses and professional healthcare assistants, rehabilitation and psychosocial professionals, plus pharmacists in certain countries. To implement the personalised treatment plans, teams make use of high-performance systems catering to each type of rehabilitation offered, depending on each facility's medical specialisation.

Patients are enrolled in conjunction with doctors from specialised centres and recognised hospital units, giving each rehabilitation hospital its own network to call on in its area of specialisation.

To create the right environment to promote well-being and convalescence, the Group's hospitals offer a diverse range of high-quality accommodation.

1.2.2.3 PSYCHIATRIC HOSPITALS

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

These hospitals constantly strive to raise their standard of care and safety, and this is reflected by their high level of accreditation – a requirement in certain countries.

To provide patients and those close to them with the best possible care, the ORPEA Group's hospitals relentlessly pursue the development of new techniques and innovate in mental health. In certain cases, they work independently, and in others they work with partners such as teaching hospitals, e-health companies, and institutes providing training in the latest approved therapies.

This strategy has led to the implementation of complementary innovative evidence-based techniques such as mindfulness, EMDR, Deep TMS, neurofeedback, virtual reality therapy and online health systems.

To underpin this active treatment approach, the Group's hospitals have invested in a mental health education programme for patients and their friends and family. This aims to broaden their knowledge of conditions and enhance their ability to treat themselves, making them full partners in the process.

As part of the same drive to personalise care as far as possible, the Group has set up specialised, expert units dedicated to certain types of patient based on their condition or their age.

Aside from inpatient hospital care, the Group provides patients with alternative solutions, such as outpatient and night hospital units. These forms of hospitalisation provide better continuity of care and help to prevent relapses or re-occurrences of conditions.

Psychiatric care offering

The Group takes a resolutely multidisciplinary approach in the treatment provided at its hospitals. This allows each category of nursing staff to use the full breadth of their expertise, with a doctor coordinating them. Treatment is laid down in a personalised care plan, which is put together by a team to meet the patient's needs as effectively as possible.

In this approach, the referring doctor coordinates the personalised care provided, as well as medical treatment and part of the psychotherapeutic treatment, which may involve psychotherapists, psychomotor specialists, occupational therapists, art therapists, sports physiotherapists, etc., depending on the facility and country.

Conditions treated in the Group's hospitals include:

- mood disorders;
- anxiety disorders;
- obsessive-compulsive disorders;
- addictions;
- eating disorders;
- sleep disorders;
- personality disorders;
- ageing-related psychiatric disorders;
- psychosis;
- over-exhaustion or burn-out;
- recently discovered disorders, such as chronic fatigue syndrome, fibromyalgia;
- psychosomatic conditions;
- post-traumatic stress disorders.

At the ORPEA Group's instigation, some of its hospitals have developed specialist skills in certain areas. Several of its facilities have now gained real expertise and indeed excellence in the treatment of certain disorders or certain age groups with specific requirements:

- **Geriatric psychiatry units** care for and treat elderly patients with age-related psychiatric pathologies, such as changes in how their disorder manifests itself as a result of the ageing process. They are cared for by geriatric psychiatrists, a geriatrician, a neuropsychologist, a neurologist and an enhanced paramedical team;
- Public/private **Cooperation Units** in France, which look after patients from the public sector through close cooperation between the systems. These public-private partnerships are regarded as unique in France;
- **Child psychiatry units**, which cater for children and teenagers between the ages of 8 and 15 who have mood, anxiety, attention deficit and hyperactivity disorders;
- **Young adult units**, which accommodate patients aged between 16 and 25 and are able to implement treatment plans specially geared for this age group;
- **Parent-child units**, which aim to care for both parent and child where post-natal depression has occurred as well as with difficulties arising during the care of a parent with mental illness or addiction.

The care offering also includes:

- Psychosocial facilities in the Netherlands dedicated to chronic mental health disorders, which focus on preparing patients for their return to social and professional life;
- Psychosomatic hospitals in Germany and holistic facilities in Switzerland which provide care for patients with chronic physical and mental illnesses or social ill-being, with the aim of supporting their return to social and professional life.

In France, a psychiatrist provides logistical and methodological support to medical teams as part of a shared vision facilitating innovation to ensure a consistent approach and promote the widespread adoption of innovative initiatives. This role also encompasses corroborating the scientific foundations, compliance aspects and ethical clinical practice.

Treatment

Treatment is done either individually or in a group. It is based on a combination of drug-based and various psychotherapeutic and technology-based approaches.

Depending on their country, culture and training, practitioners may use one or more of the psychodynamic, cognitive and behavioural, interpersonal, hypnosis-based, support and systemic models, as part of an institutional approach based on integrative psychotherapy.

This framework gives rise to a medical plan catering to the specific needs of the patients cared for and the conditions being treated.

To improve the efficacy of treatment for some conditions, the Group's hospitals are equipped with innovative technology.

In France, for example, as well as electroconvulsive therapy, therapeutic options include:

- **Deep TMS:** deep transcranial magnetic stimulation of the parts of the brain affected by the condition being treated. This technique is applied in the treatment of depression, obsessive-compulsive disorders, post-traumatic stress disorder syndrome and certain addictions;
- **Neurofeedback:** the effects of this may be beneficial in certain forms of depression and anxiety, as well as in sleep disorders and in hyperactivity;
- **virtual Reality therapy:** exposure in a VR environment, as part of cognitive and behavioural approaches to the treatment of specific anxiety disorders;
- **Cryotherapy;**
- **e-health:** connected wristbands used in the treatment of sleep disorders and consumption of benzodiazepines.

1.2.2.4 HOMECARE 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 homecare services in France, Austria, Switzerland and Germany 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. What people with loss of independent living skills seeking to stay in their homes want most is to be able to attend to their daily needs, be able to go out and keep loneliness at bay. After an accident or illness, what they want most is to get back to where they feel at home.

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

- housekeeping services, including cleaning, meals, ironing, gardening and household errands;
- daily life assistance services, including day or night supervision, assistance with hygiene tasks, meal-time assistance;
- movement assistance services, either on foot or in a vehicle;
- in Switzerland, nurses and physiotherapists either in the home or at senior assisted-living facilities to provide technical care and rehabilitation.

The Group's qualified and experienced carers are able to provide in-home support either as required or on a regular 24-hours-a-day, 7-days-a-week basis, in a manner tailored to the needs, habits and lifestyle of each individual.

1.2.3 A GLOBAL NETWORK

The ORPEA Group, now one of Europe's leading long-term care providers, had a unique network made up of **111,801 beds** in **1,114 facilities** across **23 countries** in Europe, China and Latin America at 31 December 2020.

FRANCE BENELUX GEOGRAPHICAL REGION : 47,906 BEDS (572 FACILITIES)

France

The ORPEA Group was founded in France in 1989. The French network had 372 facilities (36,216 beds) at 31 December 2020:

- nursing homes;
- post-acute and rehabilitation hospitals;
- psychiatric hospitals;
- senior assisted-living facilities.

ORPEA also provides homecare services through its DOMIDOM and ADHAP networks. ORPEA has pursued an expansion strategy of setting up new facilities and making selective acquisitions.

The Group's facilities are spread across most of France, and its footprint has been crafted to give it a presence in regional departments with a high population density, in or close to major cities, where demand is strongest.

The Group's facilities are thus concentrated in the Île-de-France (Paris and its outer western suburbs), Provence-Alpes-Côte d'Azur, Aquitaine, Poitou-Charentes and Rhône-Alpes regions, where it has over 20 facilities per region.

Belgium

ORPEA Belgium has a network of 71 facilities with 7,498 beds, comprising:

- senior assisted-living facilities for those able to live independently;
- nursing and care homes for semi-able bodied, dependent and disoriented elderly people.

ORPEA first moved into the Belgian market in 2006 and has since actively pursued its development policy both by obtaining licences to open new facilities and by making acquisitions.

Over time, ORPEA Belgium has become one of the leading networks of facilities specialised in care for the elderly.

Most of the facilities in Belgium are located in Flanders and Brussels, and, as elsewhere, most of its facilities are in town or city centres or close to large conurbations.

Since 2015, ORPEA Belgium has embarked on a major drive to open new facilities and to redevelop existing facilities. The new facilities will be large (150 to 200 beds), and built to a very high standard of quality. In many cases, they will provide a combination of nursing homes and assisted-living facilities, at locations in towns, cities and regions with high purchasing power.

Netherlands

ORPEA moved into the Netherlands in 2018 by acquiring:

- DAGELIJKS LEVEN, one of the top nursing home operators in the Netherlands with a network of 800 beds in 40 facilities;
- WOONZORGNET, a well-known expert in providing long-term psychiatric care with 162 beds.

The Group then strengthened its presence by acquiring ALLERZORG, a home care specialist, and SEPTEMBER, which has a network of nursing homes with 125 beds.

ORPEA had 2,844 beds (116 facilities), including 1,168 beds under construction at 31 December 2020.

Luxembourg

Construction of two facilities (365 beds) located in Luxembourg City and in the Luxembourg canton commenced in 2018.

Ireland

With the acquisitions of TLC and Brindley Healthcare in 2020, ORPEA is operating 983 beds distributed over 11 facilities for the elderly, located primarily in Counties around Dublin.

CENTRAL EUROPE GEOGRAPHICAL REGION 27,976 BEDS (261 FACILITIES)

Italy

ORPEA Italia's network of 3,495 beds in 30 facilities comprises:

- flexible residential facilities providing various types of specialised care for the semi-able bodied, including convalescence, stabilised psychiatry, and treatment for mental health and physical disabilities;
- medical residence facilities: nursing homes for patients with Alzheimer's disease and patients in a coma;
- psychiatric hospitals.

ORPEA opened its first facilities in Italy in 2004 and then grew primarily by establishing completely new facilities.

The Group boasts a high-quality network in northern Italy (Piedmont and the Marches region), which stands out with its recently built, high-quality facilities offering almost exclusively private rooms.

Switzerland

In Switzerland, ORPEA has a network of 40 facilities accounting for 3,924 beds, comprising:

- a psychiatric hospital in Nyon, acquired in 2006 and completely redeveloped since, which has 150 years' experience in treating mental health disorders;
- a psychiatric hospital in Susch, close to Davos, which was acquired in 2018;
- a treatment and rehabilitation centre for post-acute and rehabilitation care, built by the Group and opened in 2013;
- a psychiatric and rehabilitation facility in Veyrier built by ORPEA that opened in 2018;
- combined nursing home and senior assisted-living facilities at a single location, following on from the acquisition of the SENEVITA network in 2014, which exclusively covers areas in German-speaking Switzerland (Bern, Zurich, Basel, Aargau, Solothurn and Fribourg cantons);
- a range of home care and services delivered via the Spitex Ville et Campagne network, which operates across 25 cantons. Thanks to this acquisition in late 2016, ORPEA is now Switzerland's leading private network of care and home care services for the elderly.

Germany

At 31 December 2020, ORPEA had a network of 20,557 beds in 191 facilities consisting of:

- nursing homes;
- post-acute and rehabilitation hospitals;
- psychiatric hospitals.

ORPEA first established a presence in Germany in July 2014 when it acquired SILVER CARE, the leader in quality care for the elderly.

Since 2014, ORPEA has expanded in Germany by acquiring:

- CELENUS KLINIKEN, Germany's third-ranked operator of post-acute care, rehabilitation and psychiatric hospitals;
- ResidenzGruppeBremen, a regional network of nursing homes, that complements SILVER CARE, expanding ORPEA's footprint in northern Germany;
- VITALIS, a regional network of nursing homes, expanding ORPEA's footprint in southern Germany;
- AXION, a network of some 1,000 beds distributed over seven nursing homes, including two premium facilities in Hamburg.

In addition to these acquisitions, ORPEA has continued to pursue organic growth in Germany. It has embarked on numerous projects to open new facilities, with 3,452 beds under construction and due to open over the next three years.

EASTERN EUROPE GEOGRAPHICAL REGION 15,255 BEDS (142 FACILITIES)

Austria

ORPEA moved into Austria in January 2015 when it purchased the SENECURA group, Austria's leading private-sector long-term care provider with an integrated range of services supporting people in their later lives and providing the care the elderly need:

- nursing homes;
- rehabilitation hospitals;
- home care and services.

Pursuing the same approach as it does everywhere else, ORPEA has expanded SENECURA's network in Austria through selective acquisitions, as well as extensions and the opening of new facilities. In 2017 with the acquisition of Dr. Wagner, an operator of post-acute and rehabilitation hospitals and nursing homes, SENECURA extended its leadership position in Austria.

SENECURA operates a network of 7,995 beds in 87 facilities.

Czech Republic

ORPEA expanded into the Czech Republic through its acquisition of SENECURA, which had three nursing home projects underway in the country when it was purchased. The first two facilities opened up in 2016, and have enjoyed great success in the country, where there is very little high-quality capacity.

SENECURA continued to expand in the Czech Republic, pressing ahead in 2017 with new plans to build nursing homes and purchasing Anavita, the country's leading private-sector nursing home operator, plus other selective acquisitions. SENECURA's network now has 20 facilities containing a total of 2,828 beds, making it the Czech Republic's leading operator.

Poland

ORPEA expanded into Poland in January 2016 when it bought the MEDI-SYSTEM group (704 beds). MEDI-SYSTEM is Poland's leading long-term care facility operator in the private sector, and its multidisciplinary long-term care offering includes nursing homes, post-acute care and rehabilitation hospitals.

MEDI-SYSTEM boasts a high-quality network with large-scale, recently built facilities (100 beds on average) located mainly in Warsaw with a first-class reputation. Numerous plans to build new facilities were set in motion, and MEDI-SYSTEM's network now boasts 23 facilities with 2,886 beds.

Slovenia

ORPEA expanded into Slovenia in 2019 with the acquisition of four nursing homes with 551 beds. Through these acquisitions, the Group is also present in outpatient dialysis care. Five facilities are under construction or being expanded for a total of 467 beds.

Russia

In 2019, ORPEA entered into an operational partnership with Bpifrance and RDIF, the Russian sovereign wealth fund, to establish post-acute and rehabilitation hospitals in Russia. Under this agreement, an initial project has been agreed with the Russian government and Moscow city authorities to develop a post-acute and rehabilitation hospital at the Moscow International Medical Cluster. The 200-bed rehabilitation facility with 50 outpatient beds will specialise in care for orthopaedic, cardiology, neurology and oncology patients. It is scheduled to open in 2022.

In this developing segment, the Russian government wants a leading contender to take shape as a partner to collaborate on establishing a network of post-acute and rehabilitation hospitals nationwide to help Russian patients recover and return to work and/or living at home.

IBERIAN PENINSULA/LATIN AMERICA GEOGRAPHICAL REGION 20,139 BEDS (137 FACILITIES)

Spain

ORPEA Ibérica has a network of 66 facilities with 11,331 beds. ORPEA Ibérica doubled in size in 2016 with the acquisition of the Sanyres group and other acquisitions of independent facilities.

ORPEA began its expansion into Spain in 2006 when it acquired Grupo Care. It then continued its development through selective acquisitions, building up a network of high-quality and attractive facilities. ORPEA is now a leading player in Spain, providing:

- high-quality care services for the elderly requiring long-term care;
- protected units specially geared to the needs of elderly people with Alzheimer's disease;
- mental health care and support;
- modern facilities with a far higher percentage of single rooms than the average the sector in Spain;
- prime locations with a majority of its beds in Madrid, Barcelona and Valencia.

Brazil

ORPEA expanded into Brazil during 2017 together with the SIS group, with which the Group has a longstanding relationship. ORPEA and SIS set up a joint venture 49.9%-owned by ORPEA, which exercised its option to buy out the remainder of the share capital during Q3 2019. Brazil is now fully-consolidated since 1 October 2019.

In Brazil, four facilities (471 beds) are open and 18 under construction, representing 2,487 beds in locations with strong purchasing power like Sao Paulo, Rio de Janeiro and Fortaleza. ORPEA hopes to continue its expansion primarily by creating new facilities to meet the very significant dependency care needs through an offering of quality that is today virtually non-existent.

Portugal

ORPEA moved into Portugal in 2017 via a joint venture with the SIS group. ORPEA owned a 49.5% stake and owns 100% since 1 October 2019.

Portugal accounts for 4,064 beds (37 facilities), 728 of which are open beds, acquired in 2018 and 2019, and located near Sintra and Coimbra.

Uruguay

ORPEA moved into Uruguay in 2019 with the acquisition of the only high-quality nursing home in Montevideo. Two other facilities are currently being built in Montevideo. ORPEA Uruguay has 309 beds (three facilities), of which 100 beds are open.

Mexico

ORPEA expanded into Mexico in 2019 with the acquisition of a high-quality facility in Mexico City. An upscale facility is also under construction in Guadalajara, Mexico's second most populated city.

As of the end of 2020, the network includes 836 beds (five facilities), 125 beds of which are open.

Colombia

Four facilities are currently under construction in Bogota, with a total of 641 beds.

REST OF THE WORLD GEOGRAPHICAL REGION

China

In 2016, ORPEA opened a 140-bed facility in Nanjing, its first in China. This nursing home cares for residents with major long-term care requirements in high-end accommodation.

The facility provides a unique showcase for ORPEA's know-how in a country experiencing tremendous demand. As the first foreign group to open a high-end facility in China for elderly people requiring long-term care, ORPEA has gained an excellent reputation, attracting interest from major Chinese public- and private-sector investors. To pursue its expansion, a second facility of 385 beds is under construction in Shanghai.

1.3 Key pillars of ORPEA's business model

ORPEA's fast-paced expansion over the past 30 years, which is set to continue in the coming years thanks to the sector's robust fundamentals, has been underpinned by four constant key pillars:

- its core values of high ethical standards, respect, attentiveness, trust and a professional conscience;
- an unerring focus on quality through continuous improvements, which forms the basis for ORPEA's services;
- a centralised organisation to achieve efficiency and quality;
- a long-term real-estate strategy geared towards ownership of a significant portion of the real estate portfolio.

1.3.1 STRONG CORE VALUES

Ever since its inception, ORPEA has always aimed to deliver the highest standards of quality of life, care and accommodation to all its residents and patients.

As an operator providing services 24 hours a day, 7 days a week, ORPEA recognises that it will inevitably on occasion fall below its high standards and make mistakes. Mindful of this, ORPEA and its entire staff relentlessly and regularly pursue any scope for optimisation or improvements to the services delivered to residents and patients.

To secure its business over the long term and safeguard the interests of its patients and residents, and also of its employees, the Group established a series of commitments from the very outset underpinned by the core values of compassion, loyalty, professionalism and humility, which it adapts to every country where it operates based on the specific national requirements.

The term "value" has both a financial and a moral sense.

ORPEA believes it cannot create any value without core values guiding its actions and forming the basis of its corporate culture.

Its ability to invest in people to enhance relationships and ethical standards, rather than in purely technical knowledge, is paying off. The Group's reputation rests on basic values such as attentiveness, compassion, empathy, approachability and human warmth, which are equally important as its technical skills and expertise.

Satisfaction surveys underline the essential nature of these values, with comments from residents, patients and their families focusing on the kindness of staff at least as often as they do on the quality of care. To sum up, the primary source of Group's value is unquestionably the human warmth provided by its employees.

Since ORPEA's business largely consists of dealing with flaws when they arise on a daily basis, any points of criticism that come to light in questionnaires also represent potential areas of improvement for the Group. The Group's permanent quest for improvement is firmly anchored in its values.

HIGH ETHICAL STANDARDS ON A DAILY BASIS

An attachment to high ethical standards underpins all these values and guides the Group in the articulation of its quality policy and training programmes.

The code of ethics set out in the best practices handbook contains professionally designed and fully validated commitment charters.

While this approach has its merits, the number of staff members who actually read and take these guidelines to heart is open to question.

Mindful of this concern, the Group has embraced an original approach to developing ethical frameworks, which involves getting staff at each facility to produce their own code of ethics.

This approach began over 20 years ago, with the assistance of two independent consultants specialised in the ethics of healthcare. All employees are asked to choose values that seem to them to be most important in their job and for ensuring the well-being of the people in their care (such as respect, attentiveness, skills, mutual assistance, trust, professional conscience, etc.).

Five to seven of these values are selected by staff as the most important. The next step is to invite each staff member to attend group workshops at which participants draw up brief guidelines to explain each value, and then choose a picture or image to illustrate it.

This method of producing a code of ethics is opened up to all members of staff – cleaners, nurses, invoicing staff, receptionists, care assistants, waiting staff, doctors, chefs, directors and support staff. Overall, around 80% of employees attend on average 18 hours of ethical planning and analysis, representing around three hours per key concept/value.

Lastly, the results of this work are put together in charter form, which is displayed throughout the facility and formally adopted by all the staff.

New staff members are asked to read through and comment on the charter, with existing staff on hand to introduce it and provide context. Residents, patients and their families frequently comment in detail on these charters.

To some extent, ethics and values provide the real glue binding teams together at these facilities.

Once the staff at a facility have drafted, assimilated and firmly taken on board these values and ethics, their behaviour tends to be increasingly aligned with the principles laid down. This process is backed up by internal training modules on issues such as preventing mistreatment, and promoting the positive treatment of residents and patients, which are arranged on a regular basis.

In 2015, the ORPEA Group set up an International Scientific and Ethics Council to entrench this approach and help foster a pragmatic culture of clinical ethics and innovation in caring. This Council is made up of leading European figures in the field of geriatrics, and its role is to answer ethical queries submitted by the Group's professionals.

1.3.2 QUALITY AT THE HEART OF DEVELOPMENT

For many years, the ORPEA Group's quality-led approach has been a fundamental part of the Group's business, rather than actually being a regulatory requirement.

Because people are central to what it does, and because it believes that sustainable development cannot be achieved without quality, continuous quality improvements to its services and practices are central to the ORPEA Group's main strategic aims.

The ORPEA Group has implemented a pro-active and exacting quality policy in all its facilities. The ORPEA Group's quality policy is predicated on:

- protocols and care procedures that are harmonised and continuously improved;
- satisfaction surveys;
- internal assessments and external appraisals;
- competitions and other awards;
- staff training.

The ultimate goal of all the quality procedures in place within the Group is to give each employee a clear sense of purpose, so that they can establish the bonds that are needed for high-quality care.

1.3.2.1 STRUCTURE OF THE QUALITY PROGRAMME

The quality department reports to the Chief Operating Officer in each country and works closely with the operating divisions and the headquarters functions.

The quality department's tasks are to:

- provide methodological support to facilities for the implementation and monitoring of their quality and 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, quality metrics;
- hold the Quality Awards;
- organise the annual satisfaction survey of residents;
- conduct audits, as a team training exercise, or to check on the quality of services delivered to residents/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.

The quality department provides facilities with support and advice on implementing the programme, monitoring and controlling the measures taken, and methodological assistance with devising tools to help manage the programme consistently across the entire Group.

Facilities are asked to produce a quality dashboard every month and send it to the quality and operations departments, and this helps to track the quality programme's continuous improvement process, so that any potential risks can be detected and prevented.

In each country in which ORPEA operates, the quality department's teams strive to implement the Group's quality system and quality programme at the very heart of facilities, working closely with the medical departments and other expert support services. The quality departments of the various countries keep in close touch with the Group's quality department to ensure the Group's quality policy is applied consistently. This means checking that values are respected and risks managed, in accordance with the local regulations.

For over 20 years, strict procedures – standardised across the network – have been implemented and are constantly evolving. These procedures are backed up by internal training in best professional practices (Alzheimer's disease, prevention of mistreatment, recommended movements and postures, safety, etc.), refresh and enhance teams' knowledge and share insights and experiences.

The monitoring and tracking of Group facilities by the quality department and medical department provide a secure environment for residents, patients and employees. As a result, all aspects of accommodation, comfort, care and safety can be controlled.

1.3.2.2 REGULAR FACILITY ASSESSMENTS

To track and verify progress made by the quality programme across the Group, internal and external assessments are carried out at all its facilities.

The benefits of the proactive quality improvement programme ORPEA has implemented since 1998 are clear in the results of external assessments of the Group's facilities.

Internal assessments

Internal assessments carried out by the regional departments, quality department, medical department and/or executive management, provide an opportunity to confirm that the Group's procedures have been taken on board and are applied and that protocols are perfectly grasped.

They also ensure that remedial actions taken are followed up properly over the long term.

External assessments

External assessments, accreditations and certifications represent a source of transparency for all stakeholders, first among which are residents, patients and their families. However, certain certifications are required by government or regional authorities or by insurers and/or investors in certain countries. These assessments guarantee that our facilities adhere to concrete commitments in terms of compliance with service and care quality offered over time. The ORPEA Group decided that the reference frameworks chosen by the facilities must be in line with local needs and standards by ensuring, at minimum, compliance with ISO 9000 criteria.

The quality approach is a continuous, never-ending process, of which certification is merely a snapshot of the activity on audit day, just one step to mark history, with its actions continuing over the long term.

Hospitals

In France, a compulsory external assessment is carried out at all health facilities (both public and private) by the Haute Autorité de Santé (HAS). The mission of this independent scientific public authority is to produce a reference framework for health and post-acute rehabilitation facilities, in addition to holding audits, training auditors (active health professionals), organising inspections and publishing results. Moreover, since 2019, hospitals' operating licenses are conditioned upon obtaining this certification. This certification covers all of a healthcare facility's operations and practices and aims to ensure that safety and quality of care requirements are actually taken into account by the facility.

The certification requires the active participation of all facility professionals to perform the self-assessment. A multidisciplinary steering committee is thus tasked at each of the Group's hospitals with monitoring the quality programme on a permanent basis.

As part of the certification process, health facilities have to report on their quality and risk management policy every 18 to 24 months through the quality account. HAS experts also carry out an on-site inspection every four years.

The Group's hospitals that have already passed this certification achieved results above the national average of 80%, an A on a scale of A (highest score) to D, i.e., non-certification. Over the course of 2020, HAS prepared its new version (V2020) rollout of which was halted by the Covid crisis. The first test inspections will take place in May 2021.

In Germany, rehabilitation hospitals must also undergo a mandatory certification process that meets standards approved by the BAR *(Bundesarbeitsgemeinschaft für Rehabilitation).* This certification has to be renewed every three years, and is required to maintain accreditation. Intermediate audits take place each year.

In Italy, all hospitals are accredited with the National Health Service, which delegates to the regions to determine the overarching and specific structural and organisational requirements, guaranteeing safety and quality criteria ≥ 90% of compliance. These requirements are based on ISO 9001:2015.

The license is generally renewed every two years for hospitals and is issued by a regional body or by territorial commissions (ASL) appointed by the latter.

In Austria, controls are carried out in hospitals by the health authorities in line with regulatory requirements ("Krankenanstalten- und Kuranstaltengesetz" and "Gesundheitsqualitätsgesetz"). Facilities are awarded international GNTH certification (Global Network for Tobacco Free Healthcare Services): "bronze member".

In Switzerland, although there are no specific requirements, hospitals have decided to achieve ISO 9001:2015 certification.

In Spain, the López Ibor clinic specialised in adult psychiatry and in paediatric and adult psychology gained SGS ISO 9001:2015 certification in March 2019, without any non-conformity. The next follow-up audit will take place in June 2021.

In the United Kingdom, the Florence Nightingale Hospital obtained the (mandatory) certification in 2019 of the Care Quality Commission (CQC) with an overall rating of "Good" for all criteria on a scale ranging from "Good" to "non-compliant". In 2020, the hospital certified its care for eating disorders and received the Quality Network for Eating Disorders (QED). The Nightingale Hospital's eating disorder service received official QED accreditation from the Royal College of Psychiatrists.

Nursing homes

In France, nursing homes are obliged to commit to continuously improving activities and service quality, which entails the implementation of self-assessments and an external assessment by an independent organisation.

Every five years, a nursing home has to carry out a self-assessment of its activities evaluating the actions it has taken and their impact on residents. The internal assessment is participation-based, with residents, families and professionals all taking part. The funding allocated by the supervisory authorities (regional health agency and departmental council) under a tripartite agreement is contingent upon the results achieved and improvement projects.

In parallel, a nursing home must commission an external appraisal every seven years by consultants from outside the facility who have been approved by the HAS. The appraisers consider very carefully whether service users' rights have been upheld and whether the nursing home's actions are aligned with its facility plan. The results of this appraisal determine whether the facility has its operating licence renewed.

At 31 December 2020, all ORPEA Group facilities obliged to have external assessments had fulfilled this obligation by submitting their external assessment reports to the supervisory authorities in due time.

In Spain, the international certification body AENOR, certified by the Health Ministry, carries out multi-site certification audits and issues a published certificate that must be posted in residences. To keep this certificate up to date (it is renewed every three years), audits are carried out every year. The certificate renewal of February 2021 is valid until 2024 and the next follow-up audit will take place in February 2022. The administrative headquarters and facilities are audited by AENOR's specialist auditors.

At the administrative headquarters, the auditors assess the procurement and HR processes and how well they are maintained, as well as the quality policy and continuous improvement process.

The facilities undergo a full on-site assessment covering:

- compliance with the regulations and standards in all areas of the facility's activities;
- customer satisfaction;
- handling of compliance failures, follow-up on remedial and preventative measures;
- monitoring and internal training.

For 2020, all facilities and ORPEA Ibérica's headquarters were AENOR certified.

In 2020, the Covid certification (targeting a command of Covid control protocols) was obtained from AENOR as follows:

- **phase 1 (autumn 2020):** preliminary analysis with documentary review (all procedures);
- **phase 2 (December 2020):** audits of 22 sites for one-year validity.

In Portugal, six sites were granted AENOR's Covid certification under the same conditions as Spain. Controls carried out by the Supervisory authorities were suspended during lockdowns but resumed once facilities were open to the public.

In Belgium, Group facilities took part in the first national certification programme carried out by the Federal Agency for the Safety of the Food Chain (AFSCA – Agence Fédérale pour la Sécurité de la Chaîne Alimentaire – undertaken by Quality Partner) and certified by the AFSCA. 38 sites obtained this quality catering certification as of its introduction; certification visits for ORPEA Belgium's other facilities have already been scheduled.

In the Netherlands, all nursing homes were ISO 9000 certified for the year 2020.

In Ireland, all sites must achieve the HIQA standard (based on ISO 9000). The five TLC sites (five facilities) achieved this standard in 2020.

In Switzerland, the supervisory authorities perform quality audits to confirm that the quality standards applicable in each region are correctly applied. These audits cover best practices in care for residents and make sure that an appropriate number of qualified staff are present for the elderly population being cared for. The care documentation is also audited by insurers (cantons and health funds). Likewise, an external audit conducted by the supervisory authorities covers health and safety aspects among others.

In 2020, **China** issued a national standard for nursing home certification and based on this standard, facilities will have to be audited again. The new standard establishes five different levels (5A). Based on its activity and requirements, each facility must position itself for the level it wants to apply for.

The audit reference framework grid has a total of 1,000 points structured as follows:

- environment: 120 points;
- material and equipment: 130 points;
- operation: 150 points;
- services: 600 points.

The Nanjing site participated in the certification at level 5A. Controls are carried out by three authorities at the district, city and province levels. They are in the process of rectifying certain points, and the delegation will return in May 2021 for verification.

In Italy, all nursing homes are accredited with the National Health Service, which delegates to the regions to determine the overarching and specific structural and organisational requirements, guaranteeing safety and quality criteria ≥ 90% of compliance. These requirements are based on ISO 9001:2015.

The licence is generally renewed every three years for residences and two years for hospitals and is issued by a regional body or by territorial commissions (ASL) appointed by this body.

In Poland, the result of the external certification according to the ISO Quality Management System for the 9001 2015 standard verified by ISOCERT was positive with no non-compliance for eight facilities.

In Latvia, an assessment procedure was carried out by the Ministry of Wellbeing and Health Inspection in June 2020.

These assessments cover all the operations and practices of a healthcare facility and aims to ensure that safety and quality of care requirements are actually taken into account by the facility: the overall compliance score is 78%.

In Germany, all facilities undergo annual inspections by the MDK *(Medizinischer Dienst der Krankenkassen),* the medical service of health insurance funds. It applies a methodology and framework defined in Book XI of the German Social Code and approved by the Ministry of Health. These audits include a review of a sample of nine residents, with three taken from each level of care requirement *(Pflegestufe).*

In 2020, the reference framework was amended and has transitioned from a system that returns a score of 1 to 5 to a letter-based system from A to D for more clarity. A few audits were conducted but the process was quickly halted by the Covid crisis. They will resume as soon as the facilities can open to the public.

In 2019, nine centres for seniors in the Rhineland area took part in a voluntary programme to test the level of socialisation within the facilities. They received the "Grüner Haken" (green tick) award for friendliness and promotion of quality of life in caring for the elderly and people with disabilities.

About 100-200 functions are interviewed by the auditors concerning the autonomy, participation and human dignity priorities. Sensitivity is shown to residents during the process of performing audits. The auditors use a checklist of 102 points, with great importance placed on openness and traceability. The results are published on the internet.

One facility was awarded the German "Hygienesiegel" hygiene seal of approval by the German Federal Association of Cosmetic and Foot Care Companies, based on the BSO2079 standard. The German hygiene seal of approval is awarded to companies which have been tested in accordance with standard 2079 and which have proven exemplary hygiene practices.

In Austria:

- nursing homes are subject to an annual audit by the authorities ("Pflegeaufsicht") covering respect for residents' rights, the quality of care provided, and compliance with health and safety standards in conjunction with the federal health ministry. The Austrian operations have gained a seal of quality (WHP quality certification) for their efforts to provide a healthy workplace (ÖNBGF). In recognition of this, they receive a plaque and a certificate for their business strategy, which aims to prevent occupational illnesses, enhance employees' health and improve their well-being;
- two SENECURA nursing homes are part of a national pain control and management programme led by PAINCERT, a company specialised in the certification of care facilities' pain management approach. SENECURA obtained nationwide accreditation covering pain management in these units;
- in 2019, four facilities received accreditation for managing, improving and educating about quality care;
- "E-QUALIN Österreich: IBG Institut für Bildung im Gesundheitsdienst GmbH", received national accreditation for quality care, which will be posted in the relevant residences;
- with this certification, they are able to use Nexus/E-Qalin software covering the demands of E-Qalin quality management. The technical concept, pricing models, small device management and practical arrangements provide maximum flexibility and lower the training and project costs, while also making the process as transparent as possible.

In the Czech Republic, the quality system continues to be implemented and 13% of facilities have achieved EQALIN certification. Moreover, the quality-related obligations are laid down in the regional regulations, with inspections carried out by the city or municipal authorities.

In Brazil, the Ministry of Trade and Services awarded the "best nursing home" of the year certificate to two of the Group's facilities.

All of these certification results are displayed at the facilities in question and made public in each country.

Homecare services

In France, ORPEA has set in motion the process of gaining Qualicert certification for its homecare services based on the SGS Services for individuals RE/SAP guidelines. This certification helps to build trust among customers and partners, since it provides evidence of:

- standardised practice across the network;
- the professionalism of its employees;
- services tailored to customer needs;
- a willingness to deliver improvements in response to customer needs.

1.3.2.3 ORPEA-CLINEA QUALITY AWARDS

To make quality a central pillar of its management approach geared towards the well-being of residents and patients, the quality department decided to introduce the Quality Awards.

Quality is also a state of mind, and so these awards encourage all staff to stand up for a high quality of service and care, and to push continuously for further improvements.

This annual competition within the Group is rated on regulatory requirements that are external and internal to the Group. The competition takes place through a 3-stage process:

- finalists are selected in a process during which over 400 criteria are evaluated during an on-site inspection conducted by the Regional Department and the quality and medical teams;
- the final phase with a new evaluation grid and simulations within each finalist facility, carried out by the Quality department, Medical department, and the Operations department.

Each of the prizewinning facilities receives a budget allocation enabling them to launch a specific original or innovative project to enhance the care provided to residents or patients. This project is drawn up with input from all the facility's teams.

At an evening awards ceremony held in their honour, the winners receive a trophy and a prize, underscoring the value of their daily activities and providing a token of the Group's appreciation.

The Quality Awards have been introduced in France, Belgium, Spain and Italy. In the other European countries where Quality Awards are not yet held, the numerous external awards received by the Group's teams is a testament to their quality.

In 2020, given the healthcare situation, the ORPEA Quality Award did not take place.

1.3.2.4 SATISFACTION SURVEYS

ORPEA regularly conducts satisfaction surveys to make sure that the quality of support and services delivered by the Group's facilities is aligned with the standards it sets. And the views of residents and patients of whether it does so are crucially important.

This type of benchmarking illustrates the Group's determination to meet the needs of residents and patients as effectively as possible and to give their views even greater attention.

At the Group's hospitals, patients are given a questionnaire as a matter of course upon admission or shortly before they are discharged. Feedback from these questionnaires is analysed every month to keep track of the areas of strength requiring further reinforcement and areas for improvement, and the results are then displayed.

In 2020, some 60,000 patients answered satisfaction surveys with an average rate of satisfaction of 85%.

The Group's nursing homes conduct an anonymous survey every year measuring the satisfaction level of residents and their families. This survey by the quality department acts as a satisfaction indicator and gives residents and their families the chance to rate all aspects of a facility's services, including accommodation, care, meals, approachability and attentiveness of staff, and events and entertainment, etc. This indicator was designed to solicit the full range of views since residents and their families complete the questionnaires anonymously and return them to the quality department. The forms are then analysed by an external company and the results certified as accurate by a court officer.

In all, more than 50,000 satisfaction questionnaires were sent out in 2020 to all the residents and their families at ORPEA facilities in France, Belgium, Spain, Italy, Switzerland, Austria, Germany, the Czech Republic, Poland, Portugal, Ireland, Brazil, Uruguay and China.

More than 30,000 questionnaires were returned and analysed, representing a response rate of 56%. According to the results of the survey:

- 92.4% of residents and families are satisfied or very satisfied with the facilities' services;
- 95.1% of residents and families would recommend the Group's facilities to their friends and family.

The results of these satisfaction surveys are presented to the Executive Committee and then to the staff at each facility. After these presentations, each facility manager forms work groups to pinpoint areas for improvement in care plans, activities, accommodation or meals.

All the results and action plans are presented to families and residents at a discussion and feedback meeting.

For homecare services, a selection of each local office's customers is polled by phone as part of an annual satisfaction survey in France, Switzerland, and the Netherlands. The 2020 customer satisfaction rates of local office customers were over 85%.

1.3.3 A STREAMLINED AND EFFECTIVE QUALITY AND EXPANSION-DRIVEN ORGANISATION

1.3.3.1 ORGANISATION STRUCTURE GEARED FOR INTERNATIONAL EXPANSION

To establish an organisation adapted to it's increasingly international dimension, ORPEA launched a major overhaul in 2017 of its organisational structure aimed at helping the Group to sustain its growth while ensuring operational excellence in all of its countries long-term.

ORPEA has switched from a country-based organisation to one built around geographical regions – organisational units running one or more countries called Business Units.

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

The Business Unit (or country) have a dedicated operational team (COO and/or Regional Directors – depending on the size, and quality manager) with in-depth knowledge of the national regulations, key contacts and robust experience of the economic, demographic and cultural issues in the country. 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, adherence to national requirements (regulatory, cultural, economic, etc.), thereby meeting the expectations of all stakeholders;
- and centralisation on the other hand to continue to benefit from the Group's scale effect to leverage synergies and secure the Group's business activities by sharing best practices and by implementing a customised 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, local teams) in identifying and managing risks. It has also stepped up its oversight and audit activities. It also has correspondents in geographical regions that report directly to it and specifically ensure that key controls are implemented and followed up on, in addition to raising employee awareness of these issues.

Thanks to this new organisation structure, ORPEA has ratcheted up its growth potential, while keeping a tight grip on the requisite corporate resources and costs. The Group's target market has thus risen from nine countries and 600,000 beds in 2017 to 35 countries and 1,600,000 beds.

1.3.3.2 AN ORGANISATION THAT RELIES ON CORPORATE OFFICES THAT SERVE THE FACILITIES

To enable the facility directors to focus most of their efforts on supporting residents and patients and managing their teams, support functions are centralised at headquarters in an effort to release employees on the ground from administrative tasks as much as possible.

Under this centralised system, costs can be pooled and efficiency gains unlocked in the operation of facilities (in terms of quality, risk management, efficiency, etc.), as well as in management control and finance.

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

- centralisation of all support functions in national or supranational headquarters (accounting, purchasing, payroll, legal, billing, etc.);
- an operational organisation adapted to the required responsiveness of our business lines, in addition to the Group's quality and care requirements.

1.3.3.3 GROUP IT AND INFORMATION SYSTEMS DEPARTMENT FORMING THE BACKBONE OF THE ORGANISATION

The information systems department, which has over 100 employees, harnesses its vast array of skills to build and secure an information system that is genuinely tailor-made to manage and track the performance of the Group's organisation in France and around the world. This represents a vital tool for delivering continuous improvement in its performance.

The information systems department has been built to support the Group's international expansion, and it applies new methods to meet the imperatives of the core business and stay ahead of the game:

- it harnesses agile development and project management techniques to help ORPEA shorten its time-to-market and to maintain a close connection to actual usage in the field, while adjusting its approach to the maturity of its internal clients;
- by centralising certain activities, the information systems department is able to coordinate and manage Group initiatives concerning the roll-out of new developments and modernisation of tools and structures. This new organisation structure represents a major strength since it helps the Group to maintain the consistency of its information systems, enrich and streamline the application ecosystem and adopt the most efficient development approach possible in France and abroad.

ORPEA's information systems department is organised to meet three main priorities:

- **strategic management** (view provided by the information system aligned with the Group's priorities);
- **functional management**, which includes core business skills to ensure that IT systems are in lock-step with business imperatives;
- **technical management**, to deliver flawless quality standards in terms of production and through-life maintenance.

Make-or-buy decisions between existing IT solutions on the market, to speed up deployment or harness external skills, where appropriate, or internal applications that set the Group apart in specific business areas, form a continuous part of its work.

Expert staff analyse the business needs, the deficiencies in the market systems and recommend the most suitable solution based on numerous criteria (functional coverage, response to the Group's technical requirements, business model, skill sets, ease of use, statutory compliance, roadmap and ability to innovate, etc.). These design phases help it to stay closely in touch with users' needs and to implement appropriate tools, and in turn this fosters employee buy-in to changes introduced across all the Group's international units.

Internal hosting to maintain control over and tighten up information system security

Given the rapid pace of its international expansion and the fact that many of its vertical applications have been developed internally, ORPEA wanted to be able to:

- roll out its management applications right across the Group where appropriate to unlock maintenance savings and reporting improvements;
- keep the tightest possible control over the information system, especially its data security;
- step up the oversight and controls on its various Business Units;
- meet the specific needs of users, both in France and everywhere else ORPEA operates;
- plan ahead for future requirements, in line with the Group's strategy.

To meet these imperatives, a new high-performance data centre was set up in 2015 when the Group moved into new corporate headquarters. This data centre houses all the information system's data and tools and delivers the highest possible level of application availability and continuity of operations, while offering a high standard of system security.

The Group opted to take the internal data centre option rather than pursuing external hosting. Aside from the major savings, this option provides the flexibility and control needed to keep its data secure.

This data centre has a computer room with space for 40 bays, which builds in scope for a 150% increase in existing needs, or the equivalent of ten years' development. It houses 250 servers and has a data storage capacity of 300 terabytes.

The data centre is linked up to a Network and Security Operation Centre (NSOC), including a monitoring and crisis management unit, right at the heart of the information systems department.

The additions to the monitoring arrangements and administration system provide finer-grained supervision of IT production. Like the data centre, this area is subject to strict security arrangements so that it can operate 24 hours a day, 7 days a week.

The information systems department and the data centre have achieved ISO 27001 and Health Data Hosting certifications.

Continuous monitoring to harness the latest innovations and tighten data security

The information systems department has stepped up its technology monitoring to keep pace with the latest developments in areas as diverse as e-health, the internet of things, business intelligence, new development models (DevOps, etc.). It is also placing greater emphasis on data security and protection in coordination with the Audit, Risk and Compliance Department. Its Security and Data Protection units oversee data security and confidentiality arrangements across the projects and applications rolled out.

Going forward, the ability to master new technologies, maintain privacy by design and achieve regulatory compliance will be top priorities.

The Group has made data security a major point of emphasis. The manner in which data concerning its patients, residents, employees and customers is used and protected reveals the value placed by the Group on the direct and indirect users of its information systems.

1.3.4 REAL ESTATE: A STRATEGIC ASSET

Ever since its inception, ORPEA has always placed great importance on its overall real-estate strategy, and this extends to:

- the quality of properties built and maintained by the Group;
- the quality of locations at the heart of cities and close to major urban centres;
- the internal architecture and project management unit, which designs buildings specially geared to the core business;
- ownership of a large proportion of its real-estate premises.

1.3.4.1 QUALITY BUILDINGS IN ATTRACTIVE LOCATIONS

Real estate represents a strategically important asset for the Group's business activities. ORPEA selects locations based on their intrinsic quality as real estate, which includes the site's quality and its location. Most of the Group's facilities are situated in town or city centres or in remarkable surroundings, and the aim is always to foster close ties with families and referring doctors, as these are essential for a high standard of care.

A study conducted in 2011 by DREES (Study No. 18, *La Vie en établissement d'hébergement pour personnes âgées du point de vue des résidents et de leurs proches* - Institutional living accommodation for the elderly from the perspective of residents and their families) of residents and their relatives illustrated the benefits of this strategy. It highlighted that the number one selection criterion applied by residents and their families is a facility's location (69%).

In France, the Group's assets are in most cases located in flourishing regions, such as Île-de-France (Paris and the western suburbs), Provence-Alpes-Côte d'Azur (Mediterranean coast), Aquitaine and Poitou-Charentes. In Belgium, most of the network is in Brussels and Flanders, and over 50% of the Spanish network is in Madrid. The Italian network solely covers the north of the country, while the Polish network is concentrated in Warsaw.

In addition, the Group pays particular attention to:

- the architectural quality of buildings: the Group has built a large proportion of its real estate, which means that it can design its facilities to meet its own quality-driven standards;
- the quality of internal services;
- compliance with environmental standards and the quest for energy savings.

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:

- keep a tight grip on its operating properties so that it can provide the highest quality of service while maintaining the flexibility to carry out any work needed;
- increase the value of the Group's asset portfolio with the addition of recently constructed assets in prime locations;
- underpin ORPEA's profitability in the medium and long term;
- endow ORPEA with financial security and flexibility in the form of assets that are not prone to volatility and readily marketable.

As of the end of 2014, the real-estate ownership rate fell to 32% after several acquisitions of groups that leased their buildings. These acquisitions therefore diluted the ownership rate. This is why between 2015 and 2019, the Group's strategy was to increase this ownership rate to its historic levels of around 50% by purchasing operated buildings, selling fewer buildings and focusing its acquisition policy on opportunities in which the Group could also buy real estate. At the end of 2020, the ownership rate stood at 47%, in line with the strategic objective of long-term equilibrium between the number of assets held and the number of assets under lease.

This portfolio consists of high-quality assets (newer buildings in prime locations) and ensures solid rental security: ORPEA leases its own buildings, thereby avoiding the risk of vacancy.

This strategy of owning part of its real-estate benefits the Group in several ways:

- it underpins its profitability and secures its long-term cash flows;
- it gives it greater flexibility to go ahead with extensions or redevelopments, without increases in property costs;
- it strengthens the Group's balance sheet;
- it increases the Group's portfolio value.

ORPEA's balance sheet at 31 December 2020 included €6,969 million in real-estate assets (including assets under construction) adjusted for the €490 million in assets under disposal. This represents an increase of €952 million over 12 months.

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

The Group's real-estate portfolio is financed by long-term loans and by property leases. The Group is a lessee under several property leases. Lease financing is the Group's preferred method because it gives it the option of acquiring ownership of the property after 12 to 15 years in return for a modest residual payment.

Although this strategy enables the Group to optimise its capital structure, while keeping the overall cost of its real estate under control, it also allows it to fund the Group's future expansion. In fact, the robustness of the occupancy rates characterising the healthcare real-estate assets attracts international financial investors, offering ORPEA the opportunity to be selective and optimise its sales of real-estate assets.

These sales are made to all types of investors (private, listed and unlisted property companies, family offices, insurers, infrastructure funds, etc.).

Irrespective of the buyer, ORPEA's strategy is to secure attractive terms from asset disposals to keep a tight grip on its rental costs over the long term – with a low initial yield and, crucially, a tight control on index-linked increases.

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

The long-term care sector already plays a crucial role in rising to the challenges posed by the ageing of the global population, the need for medical care and a higher degree of specialisation, and the inadequacies of existing nursing home capacity. And its importance will only increase over the coming decades.

The long-term care sector is governed by a stringent regulatory framework to ensure that patients and residents receive a high standard of care guaranteeing their safety and well-being and to keep the lid on health expenditure. This regulatory burden represents a major barrier to entry for newcomers.

Together, these characteristics, common to most countries across Europe, represent powerful growth drivers for industry participants.

1.4.1 SUBSTANTIAL DEMAND, YET INSUFFICIENT SUPPLY

1.4.1.1 DEMAND UNDERPINNED BY AN AGEING POPULATION

Medical advances and higher living standards have pushed up life expectancy in most countries around the world, and this has given rise to population ageing.

Between 2002 and 2018, life expectancy at birth continued to increase by 3.3 years on average in the EU, according to Eurostat's latest statistics, which represents an increase of around three months every year.

This trend is continuing, and most of the gains show up after the age of 65. According to the latest European Union surveys, EU citizens who reach the age of 65 now have a life expectancy of 83 (men) or 86.6 (women), which represents an increase of nearly one year since 2010.

Progress made in tackling cardiovascular diseases in people aged 65 or over and also lower mortality rates in adult men have been the key factors behind this increase.

An older population is the inevitable consequence of these developments, and the trend is set to accelerate right across Europe, as the second wave of baby boomers, born in the years following the Second World War, moves into this age bracket.

According to Eurostat, the population of over 80s is set to more than double by 2050, from 24 million in 2015 to 53.5 million by 2050 – an increase of close to 30 million people.

And by 2050, the population share accounted for by the over 80s is forecast to double at least in nearly all the Member States according to Eurostat. According to population forecasts, the EU's population will continue to age. By 2050, nearly one person in eight is expected to be 80 or over years old (i.e. 12.3% of the population).

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

Countries	Number of inhabitants *(in millions)*	80 and over 2019	80 and over 2030	80 and over 2050	2019/2030 change *(as a %)*	2019/2050 change *(as a %)*
Germany	83	5,711,001	6,113,000	10,060,000	7%	76%
Austria	9	473,089	412,000	1,055,000	-13%	123%
Belgium	11	655,597	780,000	1,268,000	18%	93%
Spain	47	2,922,358	3,563,000	6,020,000	22%	106%
France	67	4,137,375	5,314,000	7,905,000	28%	91%
Ireland	5	153,768	257,000	472,000	68%	206%
Italy	60	4,447,071	5,269,000	7,973,000	18%	79%
Luxembourg	1	24,765	31,000	68,000	26%	175%
Netherlands	17	830,971	1,262,000	1,996,000	52%	140%
Poland	38	1,739,970	2,266,000	3,379,000	30%	94%
Portugal	10	673,886	839,000	1,194,000	24%	77%
Czech Republic	11	439,571	696,000	896,000	58%	104%
Slovenia	2	113,030	140,000	229,000	24%	102%
Switzerland	8	345,769	646,000	1,124,000	87%	225%
Russia	144	5,609,778	5,475,000	8,636,000	-4%	54%
Brazil	211	3,987,880	6,538,000	15,376,000	64%	285%
Chile	19	523,388	788,000	1,778,000	50%	240%
Colombia	50	912,304	1,478,000	3,608,000	62%	295%
Mexico	128	2,001,849	2,842,000	7,029,000	42%	251%
Uruguay	3	154,388	175,000	258,000	14%	68%

Source: World Bank database.

Population ageing inevitably drives up the number of elderly people requiring assistance or care. Care requirements tend to increase rapidly from the age of 80 upwards, reaching a critical threshold at 85. The percentage of people with the greatest care requirements (mental health and severe physical conditions) is highest among those aged 85 and over. The 60 to 74 age group has the highest prevalence of people with mental health issues but less severe physical conditions.

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. This change requires a customised and highly specialised care offering in the numerous countries facing this issue.

1.4.1.2 INSUFFICIENT AND INADEQUATE CAPACITY

The increase in the number of people aged over 75 has already had a clear effect on the overall nursing home bed per person ratio in France. This ratio has fallen significantly over the recent decade. From 166 beds per 1,000 people aged over 75 in 1996, the number of beds dropped to 140 per 1,000 by the end of 2003 and then to 122 by the end of 2010.

Following a sharp decline caused by the increase over the past 20 years in the number of people over 75 years of age, the overall nursing home bed per person aged over 75 ratio in France stood at 121 places as of the end of 2017. As a large number of baby boomers are entering the 75 and over age group as of 2021 (36% increase between 2020 and 2030 according to DREES estimates[1]), the ratio of nursing home beds to the elderly population is expected to decline by 2030, requiring the creation of new beds.

A similar trend is evident across all the countries, with the ratio of nursing home beds to the elderly population declining over the past ten years.

(1) *Projections and needs of elderly populations requiring long-term care between 2015 and 2050.* Department of research, studies, assessment and statistics.

Bed numbers per person aged over 80 in 2017 were as follows:

Countries	Number of nursing home beds	Beds per 100 people aged over 80 years	Number of beds to be created by 2030
France	590,000	17%	25,000
Belgium	137,000	21%	45,000
Spain	375,000	13%	50,000
Italy	390,000	9%	80,000
Switzerland	93,000	21%	70,000
Germany	900,000	17%	100,000
Austria	70,000	15%	30,000
Czech Republic	52,000	12%	80,000
Poland	85,000	5%	120,000
China	-	-	-
Brazil	100,000	3%	300,000
Portugal	80,000	12%	50,000
Luxembourg	6,236	25%	1,000
Netherlands	105,000	13%	70,000
Chile	15,000	3%	38,900
Colombia	21,096	3%	68,924
Mexico	61,405	3%	167,565
Uruguay	4,000	3%	12,000

Sources: World Bank and ORPEA.

These clear-cut trends show why new nursing home beds need to be added across all European countries over the next 20 years. Estimates of the new beds required vary from country to country:

- **In France,** industry professionals estimate that 25,000 new beds will need to be added by 2030. According to the French statistics agency, INSEE, the number of over 85s is forecast to increase by more than 20% over the 2015-2030 period, and this increase is expected to accelerate to more than 50% over the 2030-2040 period as the first generation of baby boomers reaches this age group.

  What is more, a large part of the existing stock will need to be redeveloped because it is ageing and is now unsuited to looking after those with major long-term care requirements. In its December 2011 report on investment in nursing home facilities, the CNSA, (French National Solidarity Fund for Autonomy), estimated that 116,900 beds required modernisation, or around 20% of available capacity nationwide in the sector. Based on the current cost of modernising one bed, which the CNSA puts at €100,000, this would require a €11.7 billion investment.
- **In Belgium,** government projections indicate that 45,000 additional beds will be needed by 2030 and 130,000 by 2050, i.e. a doubling of current capacity by 2050. Most of these new beds will be needed in the Flanders region.
- **In Spain,** there is also a very significant shortage of high-quality nursing home beds. In a 2010 report, the World Health Organization estimated the requirement for new beds at 50,000 by 2030.
- **Italy** has one of the lowest bed to elderly population ratios in Europe. As a result, its needs are among the most substantial in Europe. It is estimated that it will have to add 80,000 beds by 2030, or over 5,000 new beds p.a. Italy also needs to redevelop a large proportion of its existing stock, and this, too, requires heavy investment.
- **Switzerland** needs to almost double its existing capacity by 2030 by opening around 70,000 new beds owing to its rapid population ageing. And there will be no let-up in the longer term, with 40,000 additional beds forecast to be needed between 2030 and 2040.
- **In Germany,** 100,000 new beds will have to be added by 2025, the largest number in Europe, according to the Federal Statistical Office of Germany. By 2030, the total requirement for Germany rises to 250,000 beds, if it is to face up to the challenge posed by its ageing population. As in most countries, it will also need to redevelop its existing facilities, particularly those run by independent private operators, or around 30% of the sector accounting for some 275,000 beds in over 4,000 facilities.
- **In Austria,** where the same ratio stands at 16%, an estimated 30,000 places will need to be created by 2030 – a 47% increase in existing capacity.
- **In the Czech Republic,** only 30% of existing beds are suited to caring for dependent residents, including those with neurodegenerative illnesses. According to the Czech ministry of labour and social affairs, over 50,000 applications to facilities by potential residents are declined. The number of new beds that need to be added by 2030 is estimated at 80,000.
- **In Poland,** where the bed to elderly population ratio stands at just 5%, an estimated 120,000 places will need to be created by 2030 – a 2.5-fold increase in existing capacity. Poland's ratio is the lowest in Europe.
- **In Brazil,** there are just 100,000 beds available in 3,500 facilities, representing a bed to elderly population ratio of just 3%. Given that the country's population of over 80s is forecast to grow fivefold by 2050, it is estimated that an additional 300,000 new beds will be needed by 2030.

- **In Portugal,** the number of new beds that will have to be built by 2030 is estimated at 50,000 given the shortage of facilities caring for those with significant long-term requirements and the forecast doubling in the population of over 80s by 2050.
- **In Luxembourg,** the bed to elderly population ratio stands at 25%. The number of residents is forecast to increase by 30% by 2030.
- **In the Netherlands,** the bed to elderly population ratio stands at just 13% based on the 105,000 existing beds, compared with a range of 15-20% across the rest of Western Europe. An estimated 70,000 new beds will need to be created by 2040, – a 67% increase in existing capacity.

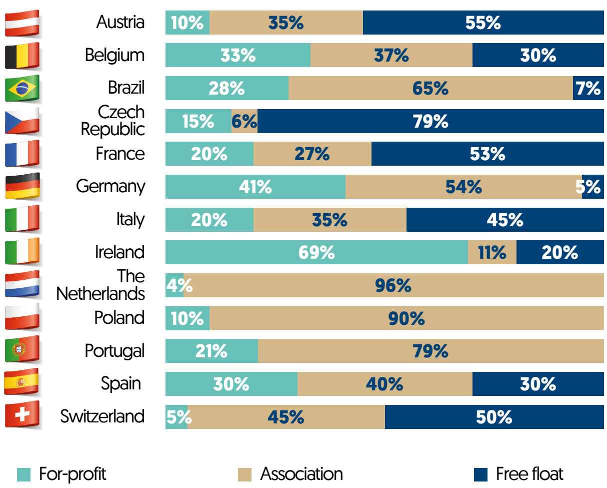
Investment amounting to tens of billions of euros will be required to meet these needs at a time of fiscal austerity across most European countries. The private sector has the ability to rise to the challenge, however.

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, with numerous independent operators with ageing premises, requiring consolidation over the next few years;
- 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 publication



The private commercial sector accounts for between 5% and 40% of beds in the countries in which ORPEA operates, giving it a major advantage in terms of the solvency of demand.

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 5 operators (Korian, ORPEA, Domus Vi, Le Noble Âge 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 independents.

In Spain, the top 10 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 8 players account for approximately 50% of the private sector.

1.4.3 GROWING NEED FOR MEDICAL SERVICES AND FACILITY SPECIALISATION

1.4.3.1 GREATER MEDICAL NEEDS IN NURSING HOMES

The growing care requirements of nursing home residents is an underlying trend evident across most European countries. For example, according to December 2014 DREES study, the average age of residents entering an institution was 89, up from 82 in 1994.

The average stay is 18 to 20 months, compared with around 3 to 3.5 years 20 years ago. These changes are attributable to the development of assistance that helps people to stay in their own homes. Most European governments have invested heavily to expand homecare services in response to demand from society. While most elderly people are able to live at home, some have no choice but to move into a facility. Experts estimate that 85% of people aged 85 are able to live at home with a varying level of support, but that 15% need residential care. Above the age of 85, there is a rapid increase in this percentage.

Alzheimer's disease is the most common cause of dementia in the elderly, and it accounts for over 70% of dementia cases in France. It is also the main reason why people move into a nursing home. Currently, some 50% to 70% of people living in a nursing home for the elderly have the early signs of or have been diagnosed with dementia.

The care requirements of nursing home residents are therefore increasing right across Europe.

As things stand, residents are moving into facilities increasingly later in life, and with greater care requirements, and so nursing homes require more extensive medical services. This includes a need for a multidisciplinary nursing team and also the introduction of specialised units caring for residents with Alzheimer's disease providing higher levels of security.

Amid the growing long-term care and care needs of people accommodated in nursing homes, the ratio of the number of employees per 100 beds is constantly rising in France. It increased from 57.2% in 2007 to 62.8% in 2015, according to the September 2017 DREES report. Likewise, the proportion of medical and paramedical staff rose to 45.7% in 2015. In turn, this greater demand for medical services translates into a need for more medical equipment and more qualified nursing staff. The sector and, crucially, residents have benefited from an improvement in the quality of care. Quality controls and standards have also been tightened up by the supervisory authorities across all European countries.

Private groups stand at a major advantage when it comes to making these investments and the overriding imperatives of quality control and standards compliance because of their investment capacity and their organisation.

1.4.3.2 SPECIALISATION OF POST-ACUTE AND REHABILITATION HOSPITALS

The typical profile of post-acute and rehabilitation hospitals' patients has also changed.

The percentage of elderly patients admitted to post-acute and rehabilitation hospitals has risen sharply in recent years. In France, patients at post-acute and rehabilitation hospitals are most likely to be aged 70 or over. In 2011, they accounted for over half of post-acute and rehabilitation stays, i.e. 700,000 stays by nearly 535,000 people. Half of them are aged 80 to 89 (Source: DREES – Studies and Results No. 943 – December 2015).

In addition to the population ageing phenomenon, a structural downtrend across all countries in the length of stays in medical, surgical and obstetric facilities is at work as a result of changes in:

- medical and surgical practices, particularly the development of outpatient surgery;
- the pricing system which, to improve productivity, has switched over from a per diem rate for hospitalisation to a rate per type of intervention.

As a result, medical, surgical and obstetric facilities send out their patients to post-acute and rehabilitation hospitals increasingly rapidly, which means these have to deal with patients in more and more severe conditions.

Governments across Europe are also encouraging this trend, since the cost per day of post-acute and rehabilitation care is far lower than medical, surgical and obstetric care for health insurance systems. For example, the estimated cost to the French health insurance system of a day in a post-acute and rehabilitation hospital is €120 to €130, compared with €500 to €800 per day in a medical, surgical and obstetric unit.

Post-acute and rehabilitation hospitals have become the primary and indeed a critical follow-on link in the care chain for hospitals and medical-surgical-obstetric units. These have an average stay of 5.7 days (or even 4.5 days in the private sector) compared with an average of around 31 days at post-acute and rehabilitation hospitals and 56 days in psychiatric hospitals (Source: DREES – *Panorama des établissements de santé* – 2014 edition).

Medical, surgical and obstetric facilities have thus had to review their downstream activities, and so they have entered into industry-wide agreements with post-acute and rehabilitation hospitals to secure places for their patients quickly.

As a result of the growing care burden placed on them and their closer ties with the acute care services provided at medical, surgical and obstetric units, post-acute and rehabilitation hospitals are able to provide complex rehabilitation as they now have multidisciplinary medical, paramedical and social care teams.

Accordingly, post-acute and rehabilitation hospitals are becoming increasingly specialised, providing care for specific conditions.

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 psychiatric hospitals, the ORPEA Group operates in a closely supervised and highly regulated environment.

Over the past 30 years, the ORPEA Group has developed a robust understanding of this complex regulatory environment and acquired the expertise and put in place the requisite procedures to operate in it successfully. 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.

Traditionally, the ORPEA Group has prioritised expansion into countries in which a licence to operate long-term care facilities is required from a supervisory authority.

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, in 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 also have to be observed. 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 a grip on public healthcare spending. 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 approved social assistance beds). Increases in accommodation charges are subject to government control. Every year, the French ministry of 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 (APA – allocation personnalisée d'autonomie), 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 2-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, and they 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 FPS Economy, 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 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 Land authorities, which then recover the outstanding amount from the resident.

Every year, the state (*Länder*) 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.

The Netherlands

In the Netherlands, 65% of 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 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.

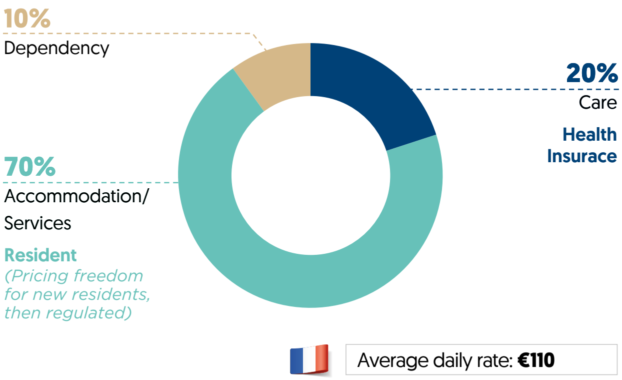
There are no pricing controls concerning the accommodation.

In Ireland

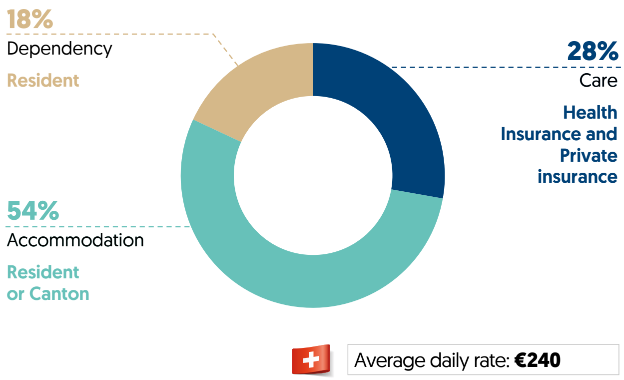
In Ireland under the general Fair Deal system, 73% of per diem rates are paid for by the Health Service Executive. The balance is paid for both by the patient and a voluntary dependency insurance system.

Nursing home per diem rates at the date of this document

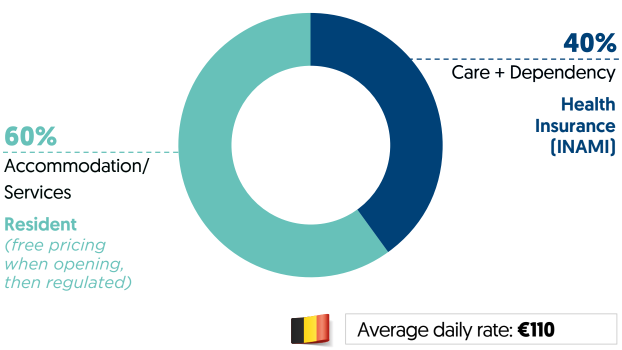
FRANCE



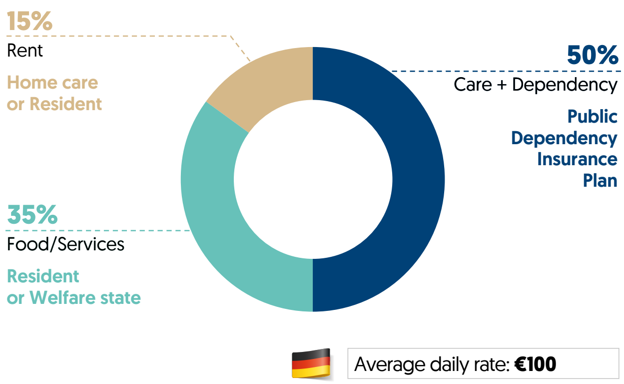
SWITZERLAND



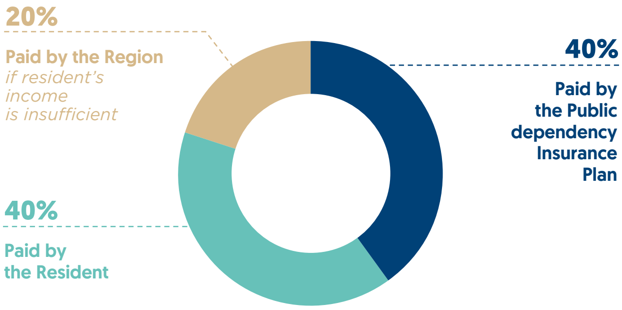
BELGIUM



GERMANY

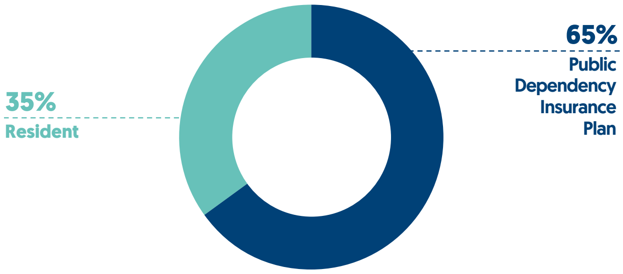


AUSTRIA



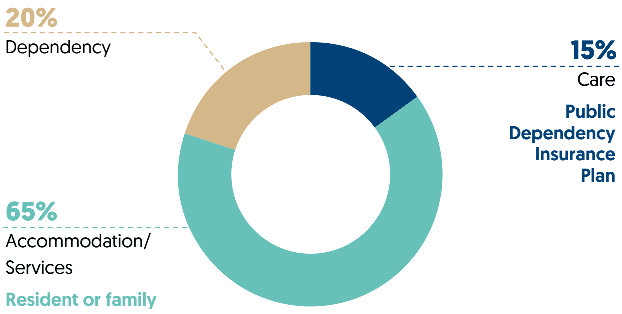
Average daily rate: **€120**

NETHERLANDS



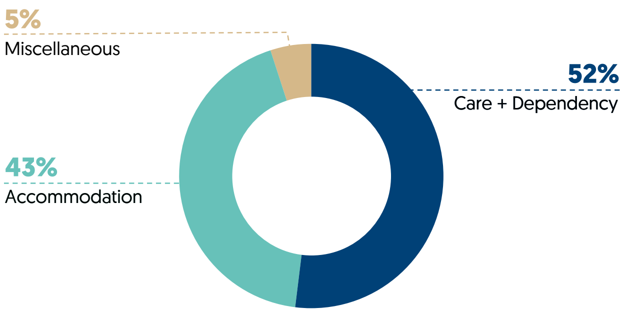
Average daily rate: **€200**

CZECH REPUBLIC



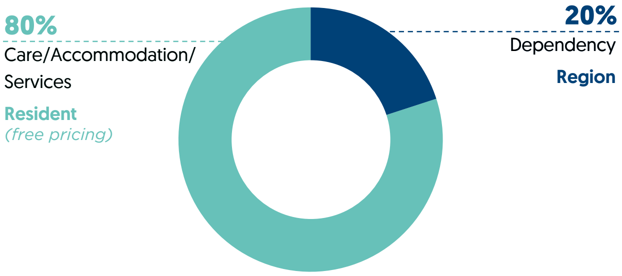
Average daily rate: **€45**

LUXEMBOURG



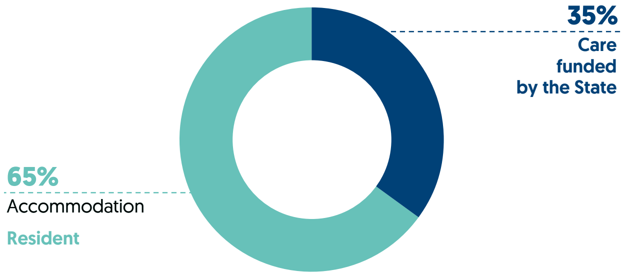
Average daily rate: **€305**

SPAIN



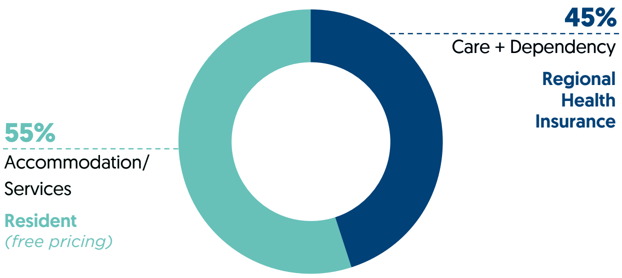
Average daily rate: **€55**

SLOVENIA



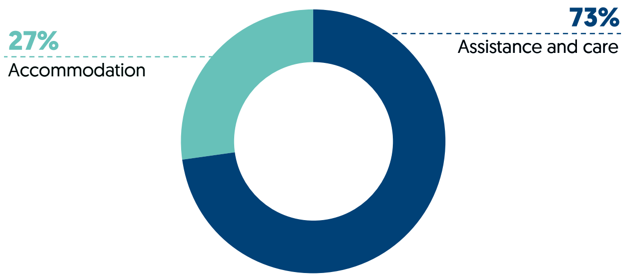
Average daily rate: **€48**

ITALY



Average daily rate: **€90**

IRELAND



Average daily rate: **€135**

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

2

MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

This management report covers the Company's activities and those of its Group in FY 2020. The accompanying Chairman's report complements all the stated sections. The Board of Directors has presented its explanations for the draft resolutions submitted for shareholders' approval at the Annual General Meeting in a separate report.

2.1 Overview of FY 2020

2020 was defined by the Covid-19 pandemic, which had a major impact on the world economy and the operations of healthcare facilities. Throughout the financial year, which witnessed unprecedented healthcare and economic conditions, ORPEA mobilised all of its human and financial resources to safeguard residents, patients and employees during the pandemic's multiple waves.

While striving to lessen the effects of the health crisis through the extraordinary efforts of its 68,800 employees, ORPEA continued its international expansion strategy by broadening its network through the creation of facilities and acquisitions of Groups in France and Ireland. These operations highlighted the Group's creation of new facilities in high purchasing power locations in the world's largest cities.

ORPEA continued to boost its financial structure with new funding under attractive terms and conditions, including long-maturity transactions and a Private Placement indexed to non-financial impact criteria.

Lastly, ORPEA actively managed its real-estate portfolio by initiating selective disposals and new constructions and adjusting the price of all buildings under its ownership.

2.1.1 MANAGEMENT OF THE COVID-19 PANDEMIC: EXTREME VIGILANCE MAINTAINED THROUGHOUT 2020

The end of Q1, all of Q2, and most of Q4 2020 were marked by the first and second waves of the Covid-19 pandemic. Having anticipated the gravity of the situation, ORPEA put preventive measures in place in good time to slow the virus in its facilities, after which it mobilised all of its resources throughout the financial year to effectively combat the risk of infection in all Group countries and make every effort to safeguard residents, patients and employees.

Throughout this crisis, the ORPEA Group strived to work closely and on an ongoing basis with the supervisory authorities and public and private organisations in all countries.

When the first wave of the epidemic hit and throughout 2020, ORPEA's teams made every effort to manage the crisis with extreme vigilance combined with a commitment to maintaining social life, namely by:

- resupplying and managing personal protection equipment (PPE) in real time starting in January 2020. This allowed ORPEA to meet the needs of its French facilities and ensure optimal redeployment to its European sites;
- adapting hygiene protocols 24/7 along with training sessions given to all employees with a team of over 40 doctors and nurses specialising in hospital hygiene;
- creating a Group-wide psychological support unit for staff worldwide;
- improving collaboration between nursing homes and post-acute hospitals with the creation of Covid units in its hospitals;
- ensuring customised and transparent communication with families, employees and supervisory authorities;
- putting in place a Scientific Committee dedicated to learning about this new virus and monitoring its evolution from a scientific standpoint on a daily basis.

Over and above preventive measures, the Group deployed as quickly as possible depending on the country a systematic testing policy in the event of a suspected case or contact in one of its facilities. If someone tested positive, temporary restrictions were instituted by security, e.g., creating dining sectors in the cafeteria or limiting room visits.

Between the first and second Covid-19 waves, social life was able to resume, albeit with heightened vigilance as demonstrated through omnipresent protective measures and progressive "Coro 1/2/3" procedures (as described below) applicable in all geographical regions.

The Group's goal was to have progressively stricter responses tailored to each facility, fostering both safety and the ability to maintain social ties among residents and their families, employees and outside professionals. To do this, ORPEA implemented three levels of procedures depending on local epidemic indicators:

- "Coro 1" procedure for a facility located in a region with few virus cases and none in the facility: standard preventive measures;
- "Coro 2" procedure for a facility located in a region with active virus cases, but no cases in the facility: additional measures like weekly PCR tests given to approximately one-third of employees, adapting visit frequency and holding social gatherings outside;
- "Coro 3" procedure for a facility with at least one confirmed Covid-19 case (resident, employee or outside professional): information from supervisory authorities, facility zoning, etc.

Thanks to the commitment and solidarity of its 68,800 employees, who received a bonus in recognition of their efforts, the Group succeeded in mitigating the effects of this unprecedented health crisis.

At the end of December 2020, following approval of the main vaccines by international health authorities, ORPEA began vaccinating its patients, residents and employees in all geographical regions (see 2.5.2 "Events subsequent to 1 January 2021").

2.1.2 FOUR STRATEGIC ACQUISITIONS: STRENGTHENING MENTAL HEALTH SERVICES IN FRANCE AND ENTRY INTO NURSING HOMES IN IRELAND

TWO MENTAL HEALTH ACQUISITIONS IN FRANCE: SINOUÉ AND CLINIPSY

In April 2020 ORPEA acquired the balance (55%) of Sinoué after initiating this transaction in 2012 with the acquisition of 40% and later a further 5%. Sinoué generated €65 million in revenue in 2019.

Founded in 1998 by a team of psychiatrists at the initiative and under the directorship of Doctor Philippe Cléry-Melin, the Sinoué Group is acknowledged for its cutting-edge expertise in psychosocial care and rehabilitation with high-quality accommodations. It boasts a diverse and innovative mental healthcare offering, treating all types of psychiatric disorders such as depression, addiction, bipolar disorder and sleep disorders.

The Sinoué Group operates six recently built or renovated psychiatric facilities (592 beds) in premium locations, all of which enjoy excellent reputations.

In July 2020, ORPEA continued to expand its mental health offering in France with the acquisition of facilities from the France-based Clinipsy Group.

Clinipsy is a private independent group of psychiatric hospitals created in 2009 at the initiative of Doctors Frédéric Lefebvre and Laurent Morasz. In the space of 12 years, the Group has become a leading mental health player in France, with cutting-edge expertise in creating engaged public/private facilities, innovation, research and partnerships.

ORPEA has thus acquired nine facilities representing 907 beds and places, 50% of which opened recently or will open in the coming years. These facilities are all very new (five years old on average), mainly located in major cities in northern and eastern France and present in regions requiring a more robust care offering. In 2019, the Clinipsy Group achieved consolidated revenue of nearly €40 million.

With these acquisitions, ORPEA has expanded its network and mental health expertise in France and leveraged a substantial growth pipeline with beds and expansions still to be opened.

TWO ACQUISITIONS IN NURSING HOMES IN IRELAND TLC GROUP AND BRINDLEY HEALTHCARE

ORPEA acquired two nursing home groups in Ireland, which represent significant sources of growth and profitability in the years to come.

The Group acquired TLC (a nursing home player present in County Dublin) and 50% of Brindley in 2020.

Founded in 2004, TLC is one of the main players in nursing homes in Ireland, recognised for its quality offer by the Health Authorities (HIQA). TLC owns a network of five recently built facilities (674 beds) located in County Dublin. The Group owns 100% of its real estate and has an experienced management team. TLC achieved revenue of €40 million in 2019. This expansion dovetails perfectly with ORPEA's "premiumisation" strategy targeting prime locations and high-quality offerings and accommodations.

Founded in 2000, Brindley Healthcare operates 10 facilities (574 beds) distributed over six counties in addition to County Dublin where TLC operates. In 2019, the group generated revenue of nearly €25 million.

2.1.3 CONTINUED AND ACCELERATED EXPANSION

1,500 BEDS ADDED

Harnessing this growth pipeline of beds under construction and redevelopment, ORPEA added around 1,500 new beds in 2020 with the creation of new facilities and expansions of existing facilities.

Because of the Covid-19 pandemic, fewer beds were added than in prior years.

NEW CONSTRUCTION PROJECTS

ORPEA also continued to pursue its strategy of organic growth with the launch of plans to build new facilities. These include numerous projects across all of its geographical regions. A total of 5,808 new beds were added to its growth pipeline.

These new plans, accounting for 66% of 2020 expansion, represent the most powerful driver of the Group's future value creation.

By pursuing its strategy of expanding into new countries where demand is very high, the Group has also ratcheted up the increase in its growth pipeline. These new facilities and extensions due to open over the next four to five years are located in major global cities and areas with strong purchasing power and will provide an innovative offering geared to meeting demand, with the development of outpatient solutions, home-care and senior assisted-living facilities alongside nursing home facilities.

2.1.4 NETWORK OF 111,801 BEDS AT 1,114 FACILITIES IN 23 COUNTRIES

At year-end 2020, the network consisted of 111,801 beds across 1,114 facilities in 23 countries. Beds outside France (75,585) have doubled in the space of five years and now account for 68% of the total network.

Its growth pipeline consists of 25,403 beds under construction – 86% outside France – with many facilities in high-potential locations such as Berlin, Zurich, Prague, Lisbon, Warsaw and Rio de Janeiro... Since late 2015, ORPEA has tripled the size of its growth network of beds under construction, thereby increasing its visibility, because by gradually adding these beds over the next five years, the Group will be able to supply some of its future organic growth.

	Number of sites			Number of beds			Of which beds in operation			Of which beds under construction and redeployment		
	31/12/2020	31/12/2019	Change	**31/12/2020**	31/12/2019	Change	**31/12/2020**	31/12/2019	Change	**31/12/2020**	31/12/2019	Change
France Benelux	**572**	**500**	**72**	**47,906**	**44,068**	**3,838**	**42,540**	**39,316**	**3,224**	**5,366**	**4,752**	**614**
France	372	352	20	36,216	34,023	2,193	32,673	31,127	1,546	3,543	2,896	647
Belgium	71	64	7	7,498	7,419	79	7,230	6,970	260	268	449	-181
The Netherlands	116	82	34	2,844	2,261	583	1,676	1,219	457	1,168	1,042	126
Luxembourg	2	2	-	365	365	-	-	-	-	365	365	-
Ireland	11	-	11	983	-	983	961	-	961	22	-	22
Central Europe	**261**	**249**	**12**	**27,976**	**26,491**	**1,485**	**22,148**	**21,606**	**542**	**5,828**	**4,885**	**943**
Germany	191	185	6	20,557	19,583	974	17,105	16,654	451	3,452	2,929	523
Switzerland	40	37	3	3,924	3,679	245	3,066	2,952	114	858	727	131
Italy	30	27	3	3,495	3,229	266	1,977	2,000	-23	1,518	1,229	289
Eastern Europe	**142**	**135**	**7**	**15,255**	**14,419**	**836**	**11,154**	**10,772**	**382**	**4,101**	**3,647**	**454**
Austria	87	85	2	7,995	7,815	180	7,041	7,074	-33	954	741	213
Poland	23	23	-	2,886	2,886	-	1,190	1,103	87	1,696	1,783	-87
Czech Republic	20	19	1	2,828	2,725	103	2,044	2,044	-	784	681	103
Slovenia	9	7	2	1,018	793	225	551	551	-	467	242	225
Lithuania	1	-	1	202	-	202	202	-	202	-	-	-
Croatia	1	-	1	126	-	126	126	-	126	-	-	-
Russia	1	1	-	200	200	-	-	-	-	200	200	-
Iberian Peninsula/ Latin America	**137**	**119**	**18**	**20,139**	**17,914**	**2,225**	**10,416**	**10,266**	**150**	**9,723**	**7,648**	**2,075**
Spain	66	64	2	11,331	11,077	254	8,992	8,842	150	2,339	2,235	104
Portugal	37	29	8	4,064	3,108	956	728	728	-	3,336	2,380	956
Brazil	22	19	3	2,958	2,752	206	471	471	-	2,487	2,281	206
Uruguay	3	3	-	309	326	-17	100	100	-	209	226	-17
Colombia	4	2	2	641	321	320	-	-	-	641	321	320
Mexico	5	2	3	836	330	506	125	125	-	711	205	506
Rest of the World (China)	**2**	**1**	**1**	**525**	**140**	**385**	**140**	**140**	**-**	**385**	**-**	**385**
TOTAL	**1,114**	**1,004**	**110**	**111,801**	**103,032**	**8,769**	**86,398**	**82,100**	**4,298**	**25,403**	**20,932**	**4,471**

2.1.5 FURTHER OPTIMISATION OF CAPITAL STRUCTURE

In 2020, ORPEA pressed ahead with its strategy of diversification and balance sheet optimisation.

The Group issued a total of €272 million in Private Bond Placements with maturities between 7 and 12 years, and issued new *Schuldschein* instruments for a total of some €224 million combining extended maturities and new money, €40 million of which matures in 15 years (in the form of a *Namensschuldverschreibung*). ORPEA is the leading French issuer in the *Schuldschein* market, with approximately €1.5 billion outstanding and an investor base comprising over 60 separate international investors.

The Group continued to make use of bank funding, including traditional corporate loans, lease financing and mortgage loans.

All these funding transactions went ahead on highly attractive terms owing to the record low level of interest rates and ORPEA's risk profile. Given the visibility of the sector in which it operates, its track record of profitable growth and its real-estate portfolio, ORPEA's risk profile is regarded as being low risk by investors over the short, medium and long term.

2.1.6 EXPANSION AND ACTIVE MANAGEMENT OF THE REAL-ESTATE PORTFOLIO

ORPEA continues to have a portion of its real-estate assets in the most prime locations and now owns 47% of its buildings in keeping with the long-term target of 50%, which remains stable compared to the 49% ownership rate in late 2019.

At 31 December 2020, the ORPEA Group's real-estate portfolio was valued at €6,969 million[1], an increase of €952 million year-on-year, for a total surface area of 2.2 million sqm. The capitalisation rate fell 40 basis points to 5.3%.

The real-estate portfolio owes its increase in value to an adjusted estimate of the entire real estate portfolio by independent experts, new expansion and building disposals in connection with the arbitrage strategy: in H2 2020, the Group disposed of ten real-estate assets of medical residence facilities in Germany and a nursing home in Marseilles, France to real-estate investors ICADE Santé and COFINIMMO.

This real-estate portfolio strategy gives ORPEA a unique position in the sector. It will secure its cash flow over the long term and make its balance sheet more flexible and sustainable.

(1) *Excluding the €488 million in real-estate assets held for sale.*

2.2 Review of the consolidated financial statements at 31 December 2020

2.2.1 CONSOLIDATED RESULTS

(in thousands of euros)	31/12/2020	31/12/2019
Revenue	**3,922,392**	**3,740,215**
Purchases used and other external expenses	(748,837)	(718,664)
Staff costs	(2,210,306)	(1,978,058)
Taxes other than on income	(135,540)	(129,189)
Depreciation, amortisation and charges to provisions	(503,574)	(445,684)
Other recurring operating income	105,062	47,673
Other recurring operating expense	(6,294)	(12,511)
Recurring operating profit	**422,903**	**503,782**
Other non-recurring operating income	278,871	109,297
Other non-recurring operating expense	(234,782)	(72,258)
Operating profit	**466,992**	**540,821**
Financial income	16,168	11,155
Financial expense	(272,827)	(226,107)
Net financial profit	**(256,659)**	**(214,952)**
Profit before tax	**210,333**	**325,869**
Income tax expense	(52,584)	(98,610)
Share in profit/(loss) of associates and joint ventures	1,550	5,509
Net profit of consolidated companies	**159,299**	**232,768**
Attributable to non-controlling interests	(747)	(1,221)
Attributable to ORPEA's shareholders	160,046	233,990
Number of shares	64,631,325	64,615,837
Consolidated net profit attributable to ORPEA's shareholders per share *(in euros)*	2.48	3.62
Diluted consolidated net profit attributable to ORPEA's shareholders per share *(in euros)*	2.44	3.57

ORPEA GROUP'S 2020 CONSOLIDATED REVENUE

ORPEA's 2020 revenue was up +4.9% to €3,922.4 million. Acquisitions in addition to the recovery of organic growth in the second half (+1.2% in Q4 and +0.5% in Q3) offset the slight decline observed in the first half. This solid performance demonstrates not only robust business activity, but the extraordinary commitment of ORPEA's teams to limit the impact of this crisis, which succeeded in keeping occupancy rates under control.

(in millions of euros)	**2020**	**2019**	**2020/2019 change** *(as a %)*	**2018**
France Benelux	2,363.9	2,218.4	+6.6%	2,040.3
Central Europe	1,010.6	961.6	+5.1%	875.1
Eastern Europe	365.6	358.7	+1.9%	335.0
Iberian Peninsula/Latin America	179.0	198.3	-9.7%	167.4
Rest of the World	3.2	3.1	NM	2.0
TOTAL	**3,922.4**	**3,740.2**	**+4.9%**	**3,419.8**

Consolidation dates: *Clinipsy in France beginning on 15 July 2020, Sinoué in France beginning on 1 April 2020, TLC in Ireland beginning on January 2020; SIS Brazil and SIS Portugal were consolidated on 1 October 2019.*
Composition of geographical regions:
France Benelux: France, Belgium, the Netherlands, Luxembourg and Ireland.
Central Europe: Germany, Italy and Switzerland.
Eastern Europe: Austria, Poland, the Czech Republic, Croatia, Slovenia, Lithuania and Russia.
Iberian Peninsula and Latin America: Spain, Portugal, Brazil, Uruguay, Mexico, Chile, Colombia.
Rest of the World: China.

The France Benelux region includes operations in France, Belgium, Luxembourg, and Ireland. Despite the slowdown caused by the first wave of the Covid-19 epidemic, revenue in the region continued to grow, rising 6.6% to €2,363.9 million in the financial year, accounting for 60% of the Group's total activity.

Although this growth stems from acquisitions (TLC in Ireland, Sinoué and Clinipsy in France), growth in this region was also spurred by solid business recovery in the ORPEA Group's various business lines during the second half with the rebound of Post-Acute and Rehabilitation Care activities, successful control of occupancy rates in nursing homes and solid momentum in Mental Health activities.

The Central Europe region encompasses operations in Germany, Switzerland and Italy. Revenue in the region increased +5.1%, reaching €1,010.6 million and contributing 26% of the Group's total revenue.

This growth is led by solid organic growth owing to the implementation of the "premiumisation" strategy in Germany and Switzerland, which were less impacted by the first Covid-19 wave.

The Eastern Europe region is made up of operations in Austria, the Czech Republic, Poland, Croatia, Slovenia and Lithuania. Despite the temporary closure of the Post-acute and Rehabilitation Hospitals in Austria, revenue is up +1.9% to €365.6 million or 9.3% of the Group's total business activity.

The Iberian Peninsula and Latin America region comprises operations in Spain, Portugal, Brazil, Uruguay and Mexico. Revenue in this region, generated mostly from operations in Spain, a country severely impacted by the first Covid-19 wave especially in Madrid and Barcelona facilities, was down 9.7% to €179.0 million, accounting for 4.5% of the Group's total business activity.

Operations in China make up **the Rest of the World region,** with €3.2 million in revenue deriving from the facility in Nanjing.

PROFITABILITY AND NET PROFIT

(IFRS) *(in millions of euros)*	**31/12/2020**	**% of revenue**	**31/12/2019**	**% of revenue**	**2020/2019 change** *(as a %)*
Revenue	3,922.4	100.0%	3,740.2	100.0%	+4.9%
EBITDAR(1)	963.0	24.6%	982.5	26.3%	-2.0%
EBITDA(2)	926.5	23.6%	949.4	25.4%	-2.4%
Recurring operating profit	422.9	10.8%	503.8	13.5%	-16.0%
Operating profit	467.0	11.9%	540.8	14.5%	-13.7%
Net financial profit	(256.7)	N/A	(215.0)	N/A	N/A
Profit before tax	210.3	5.4%	325.9	8.7%	-35.4%
NET PROFIT ATTRIBUTABLE TO ORPEA'S SHAREHOLDERS	**160.0**	**4.1%**	**234.0**	**6.3%**	**-31.6%**

(1) EBITDAR = Recurring EBITDA before rental expenses, including provisions related to external charges and staff costs.
(2) EBITDA = Recurring operating profit before depreciation and amortisation, including provisions relating to external charges and staff costs.

EBITDAR (EBITDA before rent) posted a limited 2% loss over the entire year to €963.0 million, or a margin of 24.6%, compared to 26.3% in 2019. EBITDAR recorded under revenue therefore showed a limited decline of 170 bp between 2019 and 2020 in light of the global pandemic.

The gross cost of Covid-19 on 2020 was €259 million (loss of business, additional costs for personal protective equipment, and staff bonuses) and a net of €101 million considering the subsidies received. These subsidies are recognised as current income, either primarily under other income for subsidies for loss of income, or to reduce charges for override-related subsidies.

H2 2020 stands out for its sharp increase in profitability with an EBITDAR margin up 150 bp to 25.3%, versus 23.8% in the first half thanks to the rebound in business activity especially in post-acute and Mental Health hospitals. Central Europe and Eastern Europe posted solid gains in profitability in the second half of the year, while the Iberian Peninsula and Latin America region continued to suffer from the scope of the pandemic in Spain during the first half.

EBITDA was down a limited 2.4% to €926.5 million, a margin of 23.6% (compared to 23.1% in the first half of 2020).

After €503.6 million in depreciation, amortisation and charges to provisions (up 13%), the level of depreciations owing to additions to the directly owned real-estate portfolio), **recurring operating profit** came to €422.9 million (-16%).

Non-recurring gains were €44.1 million compared to €37.0 million in 2019 (up 19.2%).

Net interest expense stood at €256.7 million (up 19.4%), an increase resulting primarily from a non-cash item tied to the ineffective portion of interest rate hedging instruments. This change comes from an interest rate environment that remained negative throughout 2020.

After recognising an income tax expense of €52.6 million (down 47%), **the net profit attributable to ORPEA's shareholders** was €160.0 million, down 31.6% against the backdrop of the world health crisis which impacted both the level of business and operating expenses.

2.2.2 CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euros)	31/12/2020	31/12/2019
Goodwill	1,494,270	1,298,972
Intangible assets, net	2,881,430	2,469,080
Property, plant and equipment, net	6,154,741	5,421,534
Properties under construction	814,562	595,123
Right of use assets	2,817,216	2,334,315
Investments in associates and joint ventures	187,047	166,853
Non-current financial assets	90,952	60,365
Deferred tax assets	116,111	93,983
Non-current assets	**14,556,329**	**12,440,225**
Inventories	19,824	12,513
Trade receivables	223,223	263,482
Other receivables, accruals and prepayments	718,290	584,060
Cash and cash equivalents	888,836	838,741
Current assets	**1,860,173**	**1,698,796**
Assets held for sale	**550,000**	**400,000**
TOTAL ASSETS	**16,966,502**	**14,539,021**

LIABILITIES AND EQUITY

(in thousands of euros)	31/12/2020	31/12/2019
Share capital	80,789	80,770
Consolidated reserves	2,311,027	2,147,260
Revaluation reserves	943,278	552,021
Net profit for the period	160,046	233,990
Equity attributable to ORPEA's shareholders	**3,495,140**	**3,014,041**
Non-controlling interests	(5,181)	(2,918)
Total consolidated equity	**3,489,959**	**3,011,123**
Non-current financial liabilities	6,037,080	5,518,885
Long-term loans	449,540	339,572
Long-term lease commitments	2,720,246	2,262,279
Provisions	91,713	111,760
Post-employment and related benefit obligations	99,243	87,347
Deferred tax liabilities and other non-current liabilities	1,445,331	1,027,865
Non-current liabilities	**10,843,153**	**9,347,708**
Current financial liabilities	1,008,159	844,928
Short-term bridge loans	47,631	70,017
Short-term lease commitments	266,285	237,597
Provisions	23,867	27,253
Trade payables	310,420	253,782
Tax and payroll liabilities	310,905	237,878
Current income tax liabilities	34,675	22,988
Other payables, accruals and prepayments	833,731	485,747
Current liabilities	**2,633,390**	**2,180,190**
TOTAL LIABILITIES AND EQUITY	**16,966,502**	**14,539,021**

Operating intangible assets

At 31 December 2020, on the assets side of the balance sheet, goodwill totalled €1,494 million (after deducting the €58 million in goodwill held in view of the sale at 31 December 2020), compared with €1,299 million at year-end 2019. Intangible assets (chiefly consisting of operating licences) came to €2,881 million (after deducting the €3.8 million in assets held for sale at 31 December 2020), up from €2,469 million at the end of 2019 (less intangible assets held for sale amounting to €3.8 million at 31 December 2020).

Impairment testing of goodwill and intangible assets did not reveal the need to recognise any losses.

Real-estate portfolio

The portfolio had a total value of €6,969 million (excluding €488.0 million in real-estate assets being sold), including €814.5 million in land and assets under construction or redevelopment.

This sharp rise of €952 million (+16%) compared to 2019 is the result of:

- a revaluation (+€570 million) of all existing assets (as compared to one-third of the portfolio each year in prior years) by independent experts Cushman & Wakefield and JLL. This assessment was based on a 5.3% capitalisation rate (*vs* 5.7% in 2019), reflecting the changing market conditions;
- expansions pursued in connection with a strategy to acquire ownership of new buildings in prime locations, including buildings in Ireland, Germany and the Netherlands (+€615 million);
- property disposals (-€232 million), in line with the arbitrage strategy the Group announced in late 2019.

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

The real-estate portfolio chiefly consists of new and recently built properties in economically vibrant areas, and is a significant source of asset value for the Group that will help to secure its profitability in the medium and long term.

Capital structure and debt

At 31 December 2020, the equity attributable to ORPEA's shareholders stood at €3,495 million, up from €3,014 million at 31 December 2019.

At year-end 2020, the Group had €889 million in cash and cash equivalents, compared with €839 million at year-end 2019. This increase reflected the proceeds during the year from the issue of Schuldschein notes, private bond placements and conventional bilateral loans.

Net financial debt stood at €6,654 million, compared with €5,935 million at 31 December 2019. This increase is the result of the sustained pace of real estate investment and operational activities over FY 2020. Net financial debt at year-end 2020 comprised:

- current gross financial liabilities: €1,056 million;
- non-current gross financial liabilities: €6,487 million;
- cash: €(889) million.

Current gross financial liabilities stood at €1,056 million at 31 December 2020. These consist of bridging loans financing real estate recently acquired or under redevelopment or construction, lease financing and other borrowings and loans due in less than one year.

The Group retains significant financial flexibility allowing it to continue with its real estate and operational investments. Its debt ratios remain a comfortable distance below the maximum levels permitted by its covenants. Excluding IFRS 16, as at 31 December 2020, they are as follows:

- financial leverage restated for real-estate assets = 3.4 (5.5 authorised);
- restated gearing = 1.6 (2.0 authorised).

With the application of IFRS 16, they stand at 1.5 and 1.6, respectively.

During 2020, the Group continued to optimise its capital structure by putting in place additional hedges and various different borrowing arrangements.

In application of IFRS 16, usage rights related to current rental agreements are stated on the balance sheet at €2,817 million compared to €2,334 million as at 31 December 2019, while under liabilities, the actualised value of future rents was €2,987 million, €2,720.2 of which is more than one year and €266.3 million at less than one year.

Other assets and liabilities

Changes in other receivables and other 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)	2,020	2019	2018
Gross cash flow from operations	781	874	455
Net cash generated by/(used in) operating activities	778	807	415
Net cash generated by/(used in) investing activities	(1,013)	(978)	(960)
Net cash generated by/(used in) financing activities	286	243	699
Change in cash and cash equivalents	50	71	154

Net cash generated by/(used in) investing activities came to €(1,013) million. Of this total, 74% was devoted to real estate investments, including continuing construction projects and acquisitions of properties operated by the Group.

The net cash generated by/(used in) financing activities was positive at €286 million. This cash includes €272 million in income from private bonds in addition to €224 million in *Schuldschein*-type transactions.

2.3 Review of the parent company financial statements at 31 December 2020

2.3.1 ORPEA SA'S INCOME STATEMENT

(in euros)	**31/12/2020**	**31/12/2019**
Revenue	965,500,629	943,200,804
Production transferred to inventories	(2,972,862)	(3,440,095)
Other operating income	53,040,139	43,928,600
Purchases and other external charges	(393,567,727)	(363,709,412)
Taxes other than on income	(58,302,749)	(55,250,090)
Staff costs	(501,668,745)	(454,092,856)
Depreciation, amortisation and charges to provisions	(28,655,279)	(31,107,120)
Other operating expenses	(2,356,457)	(3,147,873)
Operating profit	**31,016,949**	**76,381,958**
Financial income	133,607,928	135,465,835
Financial expense	(135,722,270)	(137,289,875)
Net finance cost	**(2,114,342)**	**(1,824,040)**
Pre-tax profit on ordinary activities	**28,902,607**	**74,557,918**
Net non-recurring items	(3,196,333)	(613,094)
Employee profit-sharing		
Income tax	4,782,337	(13,156,217)
NET PROFIT	**30,488,611**	**60,788,607**

REVENUE

ORPEA SA's revenue came to €965.5 million in FY 2020, up 2.4% compared with 2019.

ORPEA's core business of operating nursing homes generated revenue of €962.6 million, up 2.4% on the FY 2019 level of €939.6 million. This increase reflects the effect of mergers which resulted in the inclusion of several facilities in ORPEA SA's accounts, mitigated by declines in occupancy rates associated with the Covid-19 pandemic.

Revenue from the disposal of real estate came to €3.0 million, up from €3.6 million in 2019.

OPERATING PROFIT

The Covid-19 pandemic has caused operating expenses to outpace revenue:

- purchases and other external charges increased by 8.2% to €393.6 million. This specifically includes purchases of personal protective equipment;
- staff costs grew 10.5% to €501.7 million;
- taxes other than on income grew in line with revenue at +5.5%.

Depreciation, amortisation and charges to provisions totalled €28.7 million, down from €31.1 million in 2019.

Taking these factors into account, CLINEA SAS' operating profit came to €31 million, versus €76.4 million in FY 2019. The decline was, of course, a result of the Covid-19 pandemic, which not only dragged down revenue but brought additional costs.

NET FINANCE COST

Net finance cost stood at €(2.1) million compared with €(1.8) million in FY 2019.

NET NON-RECURRING ITEMS

Net non-recurring items showed a net expense of €(3.2) million, compared with €(0.6) million in 2019.

NET PROFIT

After €4.8 million in tax income, net profit came to €30.5 million, down from €60.8 million in FY 2019.

2.3.2 ORPEA SA'S BALANCE SHEET

ASSETS

	31/12/2020			31/12/2019
(in euros)	Gross	Depreciation, amortisation and charges to provisions	Net	Net
NON-CURRENT ASSETS				
Intangible assets	439,857,595	22,875,282	416,982,313	397,415,383
Property, plant and equipment	540,371,200	228,436,166	311,935,034	297,842,078
Financial assets	1,885,790,726	31,271,539	1,854,519,187	1,792,007,675
Total non-current assets	**2,866,019,522**	**282,582,988**	**2,583,436,534**	**2,487,265,136**
CURRENT ASSETS				
Inventories and work-in-progress	26,660,752		26,660,752	14,135,004
Advances and downpayments made	4,620,322		4,620,322	4,909,309
Trade receivables	37,256,322	8,463,276	28,793,046	30,151,572
Other receivables	3,678,304,019	4,663,729	3,673,640,290	3,243,730,226
Marketable securities	4,394,680		4,394,680	4,433,208
Cash	540,032,024		540,032,024	546,251,857
Prepaid expenses	20,803,127		20,803,127	19,489,115
Total current assets	**4,312,071,247**	**13,127,005**	**4,298,944,242**	**3,863,100,292**
Bond repayment premiums	1,820,667		1,820,667	2,255,619
Unrealised foreign currency losses	2,717,578		2,717,578	0
TOTAL ASSETS	**7,182,629,015**	**295,709,993**	**6,886,919,022**	**6,352,621,046**

LIABILITIES AND EQUITY

(in euros)	31/12/2020	31/12/2019
EQUITY		
Share capital	80,789,156	80,769,796
Share premiums and reserves	724,143,081	663,373,834
Net profit for the period	30,488,611	60,788,607
Tax-regulated provisions	9,636,790	9,391,664
Total equity	**845,057,638**	**814,323,901**
Provisions for liabilities and charges	15,025,226	12,088,000
LIABILITIES		
Borrowings and financial liabilities	4,889,351,437	4,424,964,068
Advances and downpayments received	37,846	(167,241)
Trade payables	47,601,857	47,811,185
Tax and payroll liabilities	99,037,957	103,907,884
Other payables	977,248,513	932,155,158
Prepaid income	10,949,954	8,934,301
Total liabilities	**6,024,227,563**	**5,517,605,356**
Unrealised foreign currency gains	2,608,595	8,603,789
TOTAL LIABILITIES AND EQUITY	**6,886,919,022**	**6,352,621,046**

ORPEA SA had net non-current assets of €2,583.4 million at 31 December 2020, compared with €2,487.3 million a year earlier, with the difference attributable to the rise in intangible assets and financial investments.

Its net current assets came to €4,298.9 million at 31 December 2020, compared with €3,863.1 million at 31 December 2019.

On the liabilities side, the Company's equity totalled €845.1 million at 31 December 2020, compared with €814.3 million in FY 2019.

Borrowings and financial liabilities – the Company's main debt line item – rose to €4,889.4 million at 31 December 2020 from €4,425 million at 31 December 2019.

Its assets totalled €6,886.9 million at 31 December 2020, compared with €6,352.6 million at 31 December 2019.

2.3.3 INFORMATION ON SUPPLIER AND CUSTOMER PAYMENT TERMS

Pursuant to Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the following table shows information about the payment terms applicable to ORPEA's suppliers and customers at 31 December 2020.

Article D. 441 1-1: 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	1,427					23,057
Total amount of invoices concerned incl. VAT	5,087,665.09	8,402,014.98	4,642,710.78	920,372.88	7,411,483.66	21,376,582.30
Percentage of total purchases in the FY incl. VAT	1%	1%	1%	0%	1%	3%
Percentage of total FY revenue incl. VAT						
(B) Invoices excluded from (A) corresponding to debts and receivables in dispute or not recognised						
Number of invoices excluded	Impossible to obtain this information (accrued invoices by total per period and not by invoice)					
Total amount of invoices excluded incl. VAT	21,137,609.27					
(C) Reference payment terms applied (contractual or statutory period – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual periods: 30 days Statutory periods: 30 days					

Article D. 441 1-1: 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						50,221
Total amount of invoices concerned incl. VAT	995,550.52	7,488,704.18	4,728,827.36	1,372,456.56	8,394,065.15	21,984,053.25
Percentage of total purchases in the FY incl. VAT						
Percentage of total FY revenue incl. VAT	0%	1%	1%	0%	1%	3%
(B) Invoices excluded from (A) corresponding to debts 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	5,813,442.45					
(C) Reference payment terms applied (contractual or statutory period – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual periods: 30 days					

Note:
- The number of (A) invoices for the Supplier portion comes from our Digitalisation software, which constitutes the largest part of our payables.
- The number of (A) invoices for the Customer portion comes from our Invoicing software, which constitutes the largest part of our receivables.

2.3.4 SUBSIDIARIES AND OTHER EQUITY INTERESTS

2.3.4.1 CLINEA SAS' ACTIVITIES AND RESULTS

Revenue

CLINEA SAS' revenue from the operation of hospitals came to €762.6 million, up slightly by 0.9% from the €769.6 million recorded in FY 2019. This stable revenue, despite the first and second waves of the Covid-19 pandemic, demonstrates the robustness of the post-acute and rehabilitation hospitals, especially in the second half of the financial year.

Operating profit

Operating expenses are up due to additional costs related to the Covid-19 pandemic:

- purchases and other external charges increased by 2.3% to €256.8 million from €251 million in FY 2019;
- staff costs were up 5.8% to €369.9 million;
- taxes other than on income increased by 8.9% to €63.8 million.

Business activity in the end yielded operating profit of €87.2, down 9.6% compared to FY 2019 from the impact of the Covid-19 pandemic, which not only led to revenue losses but also additional costs.

Net finance cost

Net finance cost stood at €(3.8) million compared with €(13.5) million in FY 2019. 2020 financial income includes a €18.8 million dividend payment from Swiss hospital Métairie.

Net non-recurring items

Net non-recurring items showed a net expense of €1.2 million compared with €(1) million in FY 2019.

Net profit

After €(21.9) million in income tax expense, net profit came to €62.8 million, compared with €48.3 million in FY 2019.

Balance sheet

CLINEA SAS' **net non-current assets** totalled €1,015.4 million at 31 December 2020, up from €851.6 million at 31 December 2019. That increase reflects the development of CLINEA SAS and its restructuring measures.

Its **net current assets** came to €422.9 million, compared with €283.7 million at 31 December 2019.

On the liabilities side, the Company's **equity** stood at €392.4 million at 31 December 2020, compared with €349.4 million at year-end 2019.

Borrowings and financial liabilities rose to €29.9 million at 31 December 2020 from €23.6 million at 31 December 2019.

Its **assets totalled** €1,438.3 million at 31 December 2020, compared with €1,135.3 million at 31 December 2019.

2.3.4.2 ACTIVITIES AND RESULTS OF THE OTHER MAIN SUBSIDIARIES

In the France Benelux region (France, Belgium, the Netherlands and Ireland), despite the impact of the first wave of the Covid-19 epidemic, revenue continued to grow in 2020, rising +6.6% to €2,363.9. EBITDAR totalled €632.4 million, a slight decline from 2019, when it stood at €640.0 million; EBITDAR margin from this geographical region fell slightly as a result of the impact of the Covid-19 epidemic in terms of both costs and activity levels. The positive momentum in the Group's activities in France, in mental health and post-acute care and rehabilitation hospitals, in addition to recovery in the occupancy rates in nursing homes during the second half of the year, preserved solid operating profitability levels.

In Central Europe (Germany, Switzerland and Italy), revenue was up 5.1% to €1,010.6 million. EBITDAR totalled €269.1 million, a 15.9% increase, and the EBITDAR margin rose sharply by nearly 250 bp during the financial year. This solid operating profit demonstrates solid organic growth, obtained thanks to the implementation of the "premiumisation" strategy in Germany and Switzerland, which were less impacted by the first Covid-19 wave.

In the Eastern Europe region (Austria, the Czech Republic, Poland, Croatia, Slovenia and Lithuania), 2020 revenue is up 1.9% to €365.6 million. EBITDAR totalled €52.5 million, down 17.7% compared to 2019, reflecting the temporary closure of post-acute and rehabilitation hospitals in Austria, partially offset by the strong recovery of operating profit in the second half of the financial year.

In the Iberian Peninsula/Latin America region (Spain, Portugal, Brazil, Uruguay and Mexico), business activity was significantly impacted by the gravity of the first Covid-19 wave in Spain, especially in Madrid and Barcelona where the majority of ORPEA's facilities are located. 2020 revenue was down 9.7% to €179.1 million, and EBITDAR declined sharply compared to 2019 to €9.6 million, versus €47.7 million.

In the Rest of the World, which includes only China with a single facility in Nanjing, 2020 revenue totalled €3.2 million and EBITDAR €(0.6) million.

2.3.4.3 DETAILS OF MAIN INVESTMENTS IN SUBSIDIARIES

See Chapter 6 "Parent company financial statements at 31 December 2020".

2.4 Other financial information

2.4.1 DIVIDEND PAYMENTS DURING THE PAST THREE FINANCIAL YEARS

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

Financial year (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	Not eligible for the 40% tax allowance referred to in Article 158(3)(2) of the French General Tax Code
2017 (2018)	€1.10	€1.10	None
2018 (2019)	€1.20	€1.20	None
2019 (2020)	€0.00	N/A	N/A

Pursuant to Article 2224 of the French Civil Code, dividends that are not claimed within five years of their payment date will lapse and become the property of the State.

2.4.2 APPROPRIATION OF NET PROFIT AND DIVIDEND PROPOSED AT THE ANNUAL GENERAL MEETING

Net profit for the financial year came to €30,488,610.60. At the Annual General Meeting due to be held on 24 June 2021, the proposal will be to appropriate €1,936 to legal reserves.

With the improving health outlook and after a year without a dividend, the Board of Directors decided to ask the Annual General Meeting to distribute a €0.90/share dividend on the Company's 64,631,325 shares, i.e., €58,168,192.50 debited in full from fiscal year income, profits carried forward and other reserves. This amount would represent a distribution rate of the net profit attributable to ORPEA's shareholders of 36%, enabling the Group to maintain its investment capacity to improve and expand its facility network.

2.4.3 SUMPTUARY EXPENSES

Sumptuary expenses referred to in Article 39-4 of the French General Tax Code amounted to €668,762 for the Company. These included excess depreciation of the passenger vehicles not deductible for tax purposes.

2.4.4 SHARE BUYBACK PROGRAMME AND LIQUIDITY AGREEMENT

SHARE BUYBACK PROGRAMME

The Annual General Meeting of 23 June 2020 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 repurchase its own shares.

Shares concerned	Ordinary shares
Maximum percentage of the share capital that may be repurchased 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 repurchase price	€200 per share
Maximum amount of funds available for share repurchases	€1,292,316,740
Objectives of the programme	• To use some or all of the shares purchased for direct or indirect allotment to employees and/or corporate officers of the Company and/or the Group under the terms and conditions set out by law, including under employee profit-sharing plans, stock option plans, bonus share allotment plans or employee share ownership plans • To deliver shares upon the exercise of rights attached to securities carrying entitlement by way of conversion, exercise, redemption, exchange, or any other means to the allotment of Company shares in accordance with stock market regulations • To cancel its shares through a capital reduction as provided for in the French Commercial Code • To keep some or all of the shares purchased for subsequent remittance in exchange for or as consideration in connection with any other 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 Autorité des marchés financiers • To make a market or ensure the liquidity of trading in the shares through an independent investment services provider acting under a liquidity agreement that complies with a Code of Conduct approved by the Autorité des marchés financiers
Share buyback terms	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 off-market and block transactions, the use of derivative financial instruments, the implementation of option strategies (purchase and sale of calls 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
Length of the programme	18 months from the Annual General Meeting of 23 June 2020, that is until 22 December 2021

The Company has not used any derivatives in connection with this share buyback programme or the previous one, and it 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 share price which are not warranted by market trends. In any event, transactions made under the liquidity agreement must not disrupt the market's normal operation. Gilbert Dupont is also committed to the principle of proportionality set out in the charter.

The assets and funds held in the liquidity account at 31 December 2020 for the purposes of the liquidity agreement were as follows:

- number of shares: 14,198;
- cash balance held in the liquidity account: €3,806,930.80.

2.4.5 LEGAL AND ARBITRATION PROCEEDINGS

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 governmental, legal or arbitration proceedings that may have or have had in the recent past significant effects on ORPEA's financial position or profitability.

2.5 Outlook and events subsequent to 1 January 2021

2.5.1 OUTLOOK

The health situation is looking brighter with the launch of the Covid-19 vaccine, especially within the ORPEA network (see paragraph 2.5.2) since the start of 2021. Despite this, the ORPEA Group remains cautious about global economic trends and extremely vigilant in continuing to safeguard residents, patients and employees and strengthen the ties and well-being of all stakeholders.

In 2021, the Group will continue its strategy based on quality and value creation for society and the environment and has set the following goals:

- continuing to expand in its five geographical regions across all physical dependency and mental healthcare business lines, through targeted acquisitions and new facility construction projects;
- opening 4,055 new beds yielded through its growth pipeline;
- revenue growth of at least 6% (> €4,155 million);
- between €400 and €500 million in disposals of real estate, in line with its strategy of 50% ownership of its real estate assets;
- rollout of its CSR roadmap with 2023 targets around its five stakeholders: Residents, Patients & Families, Employees, Partners, Environment, Society & Community.

2.5.2 EVENTS SUBSEQUENT TO 1 JANUARY 2021

SUCCESSFUL DEPLOYMENT OF THE COVID-19 VACCINE

Thanks to the decision by most countries in Europe to prioritise nursing home residents in the vaccine strategy, vaccine rollouts at the Group's facilities began in late 2020 and ramped up significantly during the first weeks of January 2021. Once again, the commitment shown by ORPEA's staff in educating others about the vaccine strategy, not to mention their organisational efforts, resulted in resident vaccination rates of 80% and employee vaccination rates of 52% as at 6 April 2021. With the vaccination of patients, residents and employees, the health situation in the ORPEA Group's facilities vastly improved following the vaccination campaign, which drastically reduced positive and symptomatic Covid-19 cases.

Now over 90% of the Group's nursing homes show no positive cases and the percentage of positive patients/residents as a ratio of total patients/residents present (excluding the Covid unit) was 0.3% at 12 April 2021, or 172 individuals.

SUCCESS OF THE FIRST ISSUANCE OF SUSTAINABLE BONDS

On 25 March 2021 ORPEA issued its first sustainable public bonds ("Green & Social") dedicated to funding assets and/or projects having an environmental and social impact. These €500 million bonds have a maturity of seven years and a fixed interest rate of 2.00%. This operation was very successful with a large number of international investors (over 130 investors from 10 countries; the bonds were very over-subscribed).

Q1 2021 REVENUE: +4.7% (€1,027.3 MILLION)

(in thousands of euros)	Q1 2021	Q1 2020	Change
France Benelux	635.7	582.3	+9.2%
Central Europe	260.1	253.7	+2.5%
Eastern Europe	90.7	91.1	-0.4%
Iberian Peninsula/Latin America	40.1	53.0	-24.3%
Rest of the World	0.7	0.8	-12.5%
TOTAL REVENUE	**1,027.3**	**980.9**	**+4.7%**
Of which organic growth(1)			*+1.0%*

(1) Organic growth in revenue reflects the following factors: 1. The year-on-year change in the revenue of existing facilities as a result of changes in their occupancy rates and per diem rates; 2. 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; 3. 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.
Consolidation dates: Clinipsy in France beginning on 15 July 2020, Sinoué in France beginning on 1 April 2020.
Composition of geographical regions: France Benelux (France, Belgium, the Netherlands, Ireland), Central Europe (Germany, Italy and Switzerland), Eastern Europe (Austria, Poland, the Czech Republic, Slovenia, Lithuania, Croatia, Russia), the Iberian Peninsula + Latin America (Spain, Portugal, Brazil, Uruguay, Mexico, Colombia, Chile) other countries (China).

Q1 2021 revenue grew a solid +4.7%, reaching €1,027.3 million resulting from the contribution of acquisitions including in France and organic growth of +1.0%. Organic growth based on an identical number of days stands at +2.0% (2020, a leap year). This performance is even stronger given an especially high basis of comparison since the January and February 2020 pre-pandemic activity was very strong. Moreover, since March 2021, the recovery of occupancy rates has accelerated with the vaccination campaigns and admissions occurring at a brisk pace. This growth is fairly uniform across all geographical regions.

ORPEA has benefited from especially favourable momentum in all geographical regions owing to:

- the health situation in the Group's nursing homes remaining under control (fewer than 0.2% positive cases);
- a specialised offering based on care quality and safety;
- modern buildings and equipment in cities.

In Q1 2021, the Group added more than 500 beds, from five new building projects and expansions, in line with its opening plan.

The **France Benelux** region, which posted +9.2% revenue growth, has benefited from the consolidation of Sinoué and Clinipsy in addition to higher occupancy rates.

In the **Central Europe** region, revenue is up +2.5% due to the positive momentum in admissions recovery.

In **Eastern Europe** business activity overall is stable.

Revenue in the **Iberian Peninsula/Latin America** region has declined by 24.3% with the effect of the first wave of the epidemic, which led to a sharper drop in occupancy rates in Spain, where over 60% of facilities are located in Madrid.

After this solid first quarter, the Group remains confident in its target of at least 6% revenue growth in 2021.

2.6 Internal control

2.6.1 SCOPE AND OBJECTIVES OF INTERNAL CONTROL

Internal control is a framework applicable to the Company and its consolidated subsidiaries. It is rolled out across all its geographical regions and Business Units and aims to provide reasonable assurance that:

- the strategic priorities set by executive management are actually executed;
- applicable laws and regulations are complied with;
- internal procedures and protocols are applied effectively and efficiently;
- controls intended to control and mitigate risks are understood and adopted across the Group, and appropriate actions are implemented;
- the Company's assets are valued appropriately and measures are taken to safeguard them and its reputation;
- the information produced is reliable, comprehensive and of a high quality, including financial and accounting information.

The internal control framework should provide a sound basis on which the Group can continue to expand and deliver further improvement in its financial and operating performance in a control environment tailored to its business activities.

More broadly, this framework plays a role in controlling the Group's business activities, the effectiveness of its operations and the efficient use of its resources.

As with any control system, it cannot ensure with absolute certainty that these objectives will be achieved, but aims primarily to create the best possible conditions for achieving them.

The internal control environment, with its Group-wide rules, procedures and charters, provides a framework for a structured organisation that aims to safeguard operations as far as possible and, secondly, to react as effectively as possible should a material adverse event occur.

The Group's principal risk factors arising from its business activities are presented in the "Risk factors" chapter of this document.

2.6.2 INTERNAL CONTROL PARTICIPANTS AND BODIES

2.6.2.1 INTERNAL CONTROL PARTICIPANTS

Executive management

The executive management team plays a crucial role in internal control. The "tone at the top" is vital for establishing, leading and passing on best practices in the area.

The ORPEA Group's executive management has always adopted a very clear stance, never leaving any doubt about the imperative of ensuring that key controls are in place and that risk factors are identified, ranked by their importance and appropriately dealt with.

Audit, risk and compliance department

Measures to strengthen the audit, risk and compliance department began in 2017 under the leadership of executive management. The Group continued to build momentum for this effort by hiring teams at the Corporate level in 2018 and by hiring dedicated coordinators within the permanent control units at the geographic region level in 2019. The year 2020 was dedicated to supporting the operational teams through the public health crisis and the continuation of projects specific to each area of expertise.

This department, which has dual reporting lines to the executive management team and to the Audit Committee to safeguard its independence, is built around two units – permanent control and periodic control.

Permanent control unit

The permanent control unit endeavours to identify and prevent risk factors and to devise an appropriate internal control framework. It has four main areas of expertise:

- risk management, which is in charge of preparing and coordinating various risk mapping exercises;
- internal control, which has responsibility for establishing the internal control framework, including by introducing and monitoring Group-wide standards and by taking part in various Group projects to ensure that risk factors are handled properly;
- compliance, which is tasked with ensuring that the Group complies with its obligations, with a particular focus on efforts to combat corruption and influence peddling;
- data protection, which is tasked with ensuring that the Group complies with its obligations in relation to personal data.

Permanent control's four functions are centralised at the head office, but are also represented in the geographical regions/Business Units by local correspondents who are also in charge of adapting Group principles to fit the local environment.

Coordination between the corporate headquarters and the geographical region/BU teams is achieved through regular communication and visits to foster transparency on issues met at corporate and at local level.

Periodic control unit

The periodic control unit, consisting solely of internal audit, has responsibility for ensuring that the internal control framework is effective and that risks are mitigated at all Group entities. It may also recommend improvements to curb its risk exposure.

It performs its engagements in accordance with professional standards and aims to safeguard the quality of the internal control framework. Best practices are reported so we can capitalise on these strengths, with recommendations issued to address weaknesses identified and regular follow-up.

Finance department

The finance department assists and monitors the management of the Group's finances by its operational staff. Its role is to maximise its profitability, manage its cash and produce reliable financial reporting for internal and external stakeholders.

The function is described in greater detail in Section 2.6.5. below.

Quality department

The quality department provides methodological assistance to facilities to ensure that they are able to implement and monitor their own quality and operational risk management programme. It also supports facilities with their efforts to obtain certification and with internal and external assessments. To help with these tasks, it develops assessment and control systems, plus training courses.

In particular, a Quality and Risk Management Committee meets every month in all the Clusters to review implementation and adoption of best practices by the facilities. It also addresses any implementation difficulties encountered by operational teams and proposes solutions to ensure that targets are met. The Committee also considers changes in and improvements to internal control systems to ensure that the Group's operational policy is complied with. A report is then given at the Operations Committees.

Legal department

The legal department advises and assists executive management and all the operations and functional departments with safeguarding the Group's interests and assets from a legal perspective. More specifically, the department is tasked with identifying legal risks and managing them as effectively as possible. It is also responsible for compliance by the Group's various activities with their statutory and regulatory obligations.

It is organised into three units:

- the "Operations – Contracts – Intellectual Property" unit which assists the Group's facilities with any operational issues, such as handling complaints where the facility may potentially be held liable, managing litigation, and negotiating or terminating contracts, in support of various departments at the Headquarters to secure contractual relationships and safeguard the Group's brands;
- the real estate unit, which interfaces between the Group's real-estate management and construction units as well as expansion;
- the "Corporate Law and M&A" unit, which is responsible for managing acquisitions and corporate issues in general.

Units in contact with the supervisory authorities and the lawyers in the geographical regions/Business Units also provide support to the legal function.

Construction and maintenance department

Real estate has a major impact on ORPEA's investments and also on the care and security of its residents, patients and employees and carbon footprint. With this in mind, the construction and maintenance department conducts controls throughout a building's life cycle:

- **in advance of the Development Committees:** ensuring the building is designed properly and the investment budget is estimated appropriately;
- **before construction projects are set in motion:** making certain all the critical prerequisites for the smooth progression of a construction project have been put in place prior to the start of work;
- **during construction, via monthly monitoring and on-site inspections at milestone dates:** ensuring the project is delivered on budget and on schedule and meets quality guidelines;
- **during operation, including the implementation and follow-up on security and asset register audits:** ensuring compliance with regulatory obligations and maintaining the condition of the premises.

Other corporate services

The Group has set up corporate services whose aim is to define guidelines that will apply to all geographical regions/Business Units in their areas of expertise (HR, IT, communications, medical, purchasing, etc.). These services are coordinated by the administration department which makes sure relations between corporate headquarters and the geographical regions/Business Units are suitably flexible to handle different situations and priorities. Each corporate service is responsible for ensuring that principles within geographical regions/BUs are properly implemented and rules thus established are complied with.

The office of the corporate Secretary checks in with the various department heads once every three months to ensure that business-line principles are being properly applied and that the main areas for improvement are being identified. A check is also made for potential obstacles or warning signs. Action plans are drawn up accordingly and monitored on a regular basis. Since early 2021, this has been coordinated on a quarterly basis with follow-up on action plans by the corporate Executive Committee.

2.6.2.2 CONTROL COMMITTEES AND BODIES

Audit Committee

The remit of the Audit Committee is presented in the "Corporate governance report" in Chapter 5 of this document.

Executive Committee

The Executive Committee, a forum for discussion and reflection, lays down the major strategic, commercial, managerial and organisational priorities applicable to all the entities. It reviews and signs off on the arrangements for implementing all large-scale projects and makes sure the Group operates smoothly. It is also responsible for enhanced internal communication of the Group's policies and tighter integration of the various entities, unifying them around common values and processes. It gathers the CEOs of the geographical regions alongside ten members from the corporate headquarters (Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Quality Officer, Chief Medical Officer, the two Heads of Operations responsible for oversight of nursing homes and hospitals, respectively, the Corporate Secretary, and the Finance Secretary).

In connection with the evolving governance of the Group's operations as announced in late 2020, the Group has adapted this body's membership and name and the frequency with which it meets. Since November 2020, a Group Executive Committee and a corporate Executive Committee have held bi-monthly and monthly meetings, respectively.

This Governance change is designed to further integrate management teams from geographical regions into the strategic decision-making processes on the issue of ORPEA's global expansion. In addition, to make corporate services more effective, the team has been streamlined around eight Executive Vice Presidents (EVPs): Finance, Human Resources, Operation Efficiency, Communication & Investor Relations, Construction & Maintenance, Wellbeing (Quality, Medical and CSR), Expansion & Network Development, Corporate/Coordination Secretary (IT, Innovation, Purchasing, Internal Audits, Organisation & Process). The Chair of the Group Medical Committee (encompassing the Medical Departments of the geographical regions and corporate departments) participates in all Group Executive Committee meetings to provide systematic medical insights, which are indispensable in the Group's industry.

Any decisions made at these Committees are implemented through action plans, which are then followed up on at its subsequent meeting.

The Executive Committee meets once a year with the executive teams (CEOs, COOs, CFOs) of the geographical regions and Business Units in addition to the principal corporate service managers as part of an international seminar that aims to promote best practices, set in motion discussions and launch new transformational projects.

Operations Committee

The Operations Committees consider any issues arising in relation to the activities of the geographical region/Business Unit. Their discussions include an update on action plans in progress and for implementation, budgets, quality and the training plan. They also review commercial performance and the main expense items.

Operations Committee meetings take place at two levels:

- They are held every two months by each geographical region/Business Unit and are attended by the executive team of the relevant entity and the Chief Operating Officer and/or the Head of Operations responsible for oversight of the relevant entity. The various support services (local or corporate) may give presentations on a regular basis. This is also the body that signs off on any decisions submitted for the prior approval by corporate headquarters in line with the rules in force within the Group.
- Within each geographical region/Business Unit there is a local Operations Committee that holds meetings on a monthly basis attended by the operations department of the relevant entity, its regional managers and the main department heads of the local head office. These local committees prepare committee meetings with corporate headquarters.

The decisions taken during these Operations Committee meetings are always relayed and explained to facilitate their implementation via monthly regional operations meetings with each regional manager and facility managers within their scope. These meetings are scheduled over the same week across the various regions to ensure that information is passed on to all facilities concurrently and thus that decisions made are put into action rapidly.

Decisions approved are added to the action plan of each of the regions, and even of each facility, so that attainment of the objectives set can be tracked on a monthly basis. Reporting on achievement of these targets is prepared in advance of every Operations Committee meeting so that the concrete results obtained can be discussed and any further remedial action necessary taken.

Beginning in 2021 and for the sake of continuity of the organisation's adaptation to the evolving governance of operations, the Operations Committees with corporate are being replaced by Quarterly Business Reviews, the goal of which is to conduct an exhaustive review (now going beyond operational topics to cover all functions) with each geographical region regarding the main indicators, current issues and any arbitrations, in addition to streamlining interactions with corporate departments as needed. Each Quarterly Business Review entails a general review of the activity attended by all EVPs and the Group's Chief Executive Officer. This change comes from the Group's efforts to adapt its organisation to its major international expansion drive initiated two years ago and based on the need to further decentralise responsibilities through the creation of geographical regions to maintain a local presence, and to increase harmony between procedures and controls being carried out by the corporate teams.

Development Committee

The role of the Development Committee is to give the go-ahead to development projects, which may include the creation, acquisition or redevelopment of facilities.

Each development project undergoes a due diligence process, which the Development Committee relies on when making its decision. Each opportunity is scrupulously studied (operational audits, real estate audits, compliance due diligence, and so on) to evaluate its fair value, identify potential risks and prepare for its smooth integration. It is then submitted to the Development Committee for approval by executive management.

To make sure decisions can be made rapidly, the Development Committee meets several times a month at the request of the geographical regions and Business Units. It is made up of the Group executive management team, the Group transactions team, Group development team and representatives of the geographical regions and/or the Business Units (generally the CEO, CFO, COO, Development Officer). Where required, the Development Committee may call on the operations, finance, legal, construction and maintenance, medical and compliance departments.

Operational crisis management unit

A crisis management unit has been designed and set up by the Group to ensure the swiftest possible response to any incident or adverse event occurring at its facilities that threatens to impact business continuity or implicate it and/or tarnish its image.

A swift response is crucial to limit the exact impact of such incidents and make sure that they do not snowball in size.

The crisis management unit, whose composition is adapted to the crisis in question, is typically made up of the Operations Department and the Support Departments (legal, quality, medical, communication, audit, risks and compliance). It provides support and guidance to the Clusters and/or Business Units manager, and to the relevant facility manager. It also launches an immediate in-depth investigation and coordinates action plans.

In parallel, it aims to establish contact with the complainant and/or with the relevant parties, as well as with the supervisory authorities, to whom the incident is reported in compliance with applicable regulations once a preliminary investigation has established the basic facts.

2.6.3 CROSS-FUNCTIONAL INTERNAL CONTROL FRAMEWORK APPLICABLE TO THE GROUP

CONTROL ACTIVITIES

Control activities, which are effected at every tier of the organisation, aim to safeguard operations and to enable the ORPEA Group to achieve its objectives while taking only an acceptable level of risk. If they are to be relevant, control activities must be proportionate to the goals they seek to achieve, and they may cover either the entire organisation or be specific to just one business (to meet specific needs).

Control activities must not be reduced to a series of documents or information because all those involved in the organisation are stakeholders in these control activities. Accordingly, they may take various forms and involve implementation of a procedure, a method, a shared or supervised control action.

Nonetheless, the Group has drafted internal rules and crisis management plans so that Group-wide risk factors are addressed in a consistent manner or in respect of which management has adopted a clear stance to uphold the Group's values. Risk mitigation methods include reduction of the impact, prevention to reduce their occurrence and transfer when the very nature of a risk factor means that it cannot be addressed in any other way.

It is essential for the nature of the Group's activities to be taken into account because it operates in a highly regulated environment.

BODY OF INTERNAL RULES

Rules issued by the executive management team

Executive management has stated its desire for the body of rules to apply to everyone within the organisation from the top down. Management thus has to abide by the rules and principles that apply in every country. This body of rules was established in a single document titled "Rules of Procedure" (ROP), which provide the framework for delegation of powers, reporting, governance and compliance that has to be adopted locally by the management team. The heads of the geographical regions/ Business Units (CEOs, CFOs and COOs) have to sign a statement certifying that the rules of procedure have been abided by, and so they play a leading role in making sure the rules of procedure are properly applied.

To maintain continuity of the ROP, in 2020 the Group created Group Standards, which for each of the key functions (e.g., finance, operations, medical, legal), outline a common foundation of rules applicable to all geographical regions/Business Units. The goal is to guide management and employees in performing their daily activities and to align practices within the Group.

Internal control standards that must be adhered to are incorporated into the Group Standards so that all applicable rules to ensure business practices are centralised in a shared reference framework and recognised jointly by the business line managers in question.

In 2021, a new version of the ROP will be released based specifically on the Group Standards as they apply to governance and will be incorporated into the employment contracts of directors of geographical regions/Business Units, so that applying the Group Standards and internal control principles becomes a contractual duty for them.

Rules issued by support functions drafted with assistance from the internal control unit

The internal control unit is responsible for coordinating the internal control framework under the supervision of the audit, risk and compliance department. Rules were outlined jointly with the business lines in an "Internal Control Reference Framework" which identifies the best practices that must be followed to secure the business activities. As part of a continuous improvement policy for standards in effect and in an effort to establish the Group Standards, the "Internal Control Reference Framework" was updated in 2020. The internal control system is built on the following priorities:

- educational tools to ensure full buy-in of rules by teams that have to abide by the internal control principles. In practice, these tools are largely translated into flowcharts and mind maps that can be used to gain insights into the key stages and key controls, and to identify the individuals/functions responsible for implementing them. To make sure these principles are abided by properly, the Group's internal control unit holds workshops across its various geographical regions/Business Units, which are backed up with action plans to achieve full compliance with the Group's principles while addressing specific local characteristics;
- organisation of self-assessment campaigns focused on the main issues on the basis of the Group Standards. The goal is to ensure that the Group-wide system in place is effective, identify strategies, as necessary, to improve and track action plans needed to cover risks.

Rules issued by the quality department

The quality procedures, which are mandatory for the entire Group, cover a variety of events that may affect the smooth operation of the Group, its performance or reputation, or the safety of residents, patients and employees. These procedures contain preventive or remedial measures and actions for managing such events.

The body of rules is updated whenever necessary and at least twice a year by the corporate quality department, which works closely with each country's operating and quality departments and headquarters functions as part of a continuous improvement policy.

The country's operating and quality departments provide each facility manager with a copy of the body of procedures, together with the appropriate explanations, when they join. Facility managers are kept informed of any updates as a matter of course, and they are asked to provide written confirmation that procedures are applied in the facility under their charge.

Regular training on how to apply these procedures properly is arranged to promote the adoption of best practices by teams and sustain the drive to make sure they are abided by at all times.

The quality procedures are applied by all the Group's facilities. When the Group acquires an operation in a new territory, the corporate quality teams support the country's quality teams with implementing and establishing its rules and best practices with the local teams.

CRISIS MANAGEMENT AND BUSINESS CONTINUITY PLANS

A crisis management plan outlines the instructions for activating crisis units both at the Group and local levels. Thus, each facility has drawn up its own business continuity plan (BCP), which covers all possible incidents, accidents and disasters that could affect a facility and sets out how normal operation can be resumed as rapidly as possible. Examples of crises include the Covid-19 or H1N1 flu outbreak, or, more generally, any epidemic, a major weather event blocking access to the facility, or industrial action affecting a facility's operations.

The BCP is a planning tool for responding to a crisis situation outside the scope of the facility's normal operations. It lays down the actions to be taken in such circumstances. It aims to minimise the impact of a crisis on the Group's operations and restore order after disruption so that the business can return to normal as rapidly as possible.

The BCP is supported by a crisis management plan that catalogues all the human resources, equipment and logistics that can be called upon in the event of a health crisis. It also states the arrangements for setting up a crisis unit. The plans are submitted to the relevant authorities and also undergo scrutiny by the operations departments and the quality department.

As part of this organisation structure, the internal control framework is built around the implementation of Group policies in the field, checks to ensure that these are applied by the various tiers of the Group, including by means of assessments and audits, and analysis of the results of these checks with the support functions of the relevant headquarters to take any remedial measures required.

PROCESS FOR HANDLING MATERIAL ADVERSE EVENTS

A procedure for handling material adverse events states that all the Group's facility managers must inform the regional manager immediately as a matter of course of any adverse event. In line with the chain of command, the regional head then informs the geographical regions/Business Unit head and the Group's Chief Operating Officer.

The procedure is applied at every facility. The causes of the material adverse event are analysed so that preventive measures can be adjusted as necessary and remedial action taken to avoid an unusual event of this type from happening again. If required, the supervisory authorities may be informed.

Twice a year each country produces a report that is sent to the corporate quality department for a more general discussion about the possible recurrence of certain adverse events. The department also discusses what comprehensive preventive and collective measures should be implemented either throughout the Group or in a particular country.

ASSESSMENTS AND AUDITS

Self-assessments by facilities

Permanent control is founded on the continuous monitoring of the business activities by operational staff. It encompasses all the systems and measures taken on an ongoing basis to ensure that business activities can continue to operate securely in line with the laws and regulations.

To make sure this is the case, each facility conducts a self-assessment throughout the year using pre-defined criteria applied across the Group. The results of these self-assessments provide input for the semi-annual audits of facilities by the regional departments to make sure that residents and patients are cared for properly at all times and that the care provided is commensurate with the Group's quality policy.

The results of these self-assessments and audits are then compiled into a semi-annual report. This enables the BU departments and the quality department to check that these control processes are applied systematically. It also brings to light any recurring discrepancies in the application of best practices. Once such issues have been identified, a collective corrective action plan can be drawn up and implemented.

External assessments and certifications

In France, nursing homes and health facilities are subject to mandatory assessments conducted on a regular basis by independent organisations and agencies. Nursing homes undergo an external assessment every seven years by an outside assessment body approved by the ANESM (French national agency for quality and assessment of nursing homes). The Haute Autorité de la Santé (HAS), an independent public agency with a scientific remit, conducts an assessment of hospitals every four years.

Outside France, depending on the regulations in force in the various countries, the Group may comply with other types of certification, including in Spain, Switzerland, Italy and the Netherlands. These assessments 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 well as being a regulatory requirement, as an additional opportunity to analyse how well its businesses are performing based on an objective, rigorous and impartial approach provided by the outside view of the assessors. Each facility's teams are involved in self-assessment tasks throughout the year in preparation for the appraisal process.

Through its approach, the Group views the regulations applicable to its activities as an opportunity for continuous quality improvement.

Audits of facilities

In addition to the scheduled assessments, the quality, medical/care, catering and maintenance departments make spot checks on facilities throughout the year.

The information obtained and conclusions drawn on the basis of these audits help to shape the Group's quality policy.

In addition, the buildings used by the Group's facilities are regularly audited to ensure that appropriate safety and maintenance procedures are abided by on buildings and equipment.

Satisfaction surveys

In line with the commitments laid out in the Group's quality charter, 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 run. These surveys flesh out the information provided by the facility audits and provide a sound basis for devising what measures need to be taken to achieve continuous quality improvement.

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

Internal audit assignments

The internal audit division of the audit, risk and compliance department is responsible for ensuring that internal control procedures are correctly applied to cover the key risks to which the Group is exposed. For instance, audits are conducted by the corporate audit department in all countries in which the Group operates, with auditors using methodology that complies with industry standards. The auditors act within a framework laid down in the Internal Audit Charter approved by the Group's Audit Committee.

The multi-annual audit plan is built on risk mapping and dialogue with all departments in the geographical regions/BUs. It is reviewed and approved by the Audit Committee before being deployed and includes various types of tasks (general audit, targeted audit, theme-based review or ad hoc assignments).

2.6.4 SPECIFIC INTERNAL CONTROL FRAMEWORK FOR COMBATING CORRUPTION AND FRAUD

All the factors related to non-compliance risks are covered in Section 3.3 of the Statement of non-financial performance.

2.6.5 SPECIFIC INTERNAL CONTROL FRAMEWORK FOR THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

2.6.5.1 PARTICIPANTS IN THE FINANCIAL REPORTING PROCESS

Group finance department

The Group finance department assists and monitors the management of the Group's finances by its operational staff. It compiles all the accounting and management data through reporting. It also handles the process of consolidating and checking the data so that it can be used for management purposes and released to various internal and external stakeholders, such as supervisory authorities and investors.

It has implemented financial reporting and centralised treasury management systems and procedures applicable to all the Group's operational staff.

The Group finance department is organised into sub-divisions – general accounting France, consolidation, treasury, tax and financial oversight – handling accounting and financial tasks under the leadership of the Chief Financial Officer.

In France, the accounting service is organised into two units, one handling general accounting, and the other handling real-estate accounting. The consolidation process is overseen by the Group Head of Consolidation.

Finance departments of international geographical regions

The finance departments of the international geographical regions have responsibility for overseeing accounting and management data for the country subsidiaries and reporting it to the Group finance department, which oversees them.

Cross-border cash flows are managed and coordinated by the Group's international financial control unit.

Management control teams

In geographical regions, management control teams reporting to local financial departments are responsible for establishing and tracking budgets in collaboration with executive management and the operations department of the geographical regions/BUs.

At the corporate level, the Management Control initially reporting to the Chief Executive Officer now reports to the EVP Operational Efficiency.

2.6.5.2 PROCESS OF PREPARING ACCOUNTING AND FINANCIAL INFORMATION

Given the ORPEA Group's major expansion in recent years, it has had to make continual changes to its internal organisation, procedures and information systems to rise to the challenge of producing high-quality accounting and financial information and meeting its reporting deadlines. As a result, the Group has steadily strengthened its organisation and its systems.

Year-end reporting

The Group finance department is responsible for preparing the consolidated financial statements based on the financial statements for each of the entities and the consolidation packages prepared by each country.

Each country has its own accounts and makes its own entries on a daily basis. The French accounting teams use Navision software. Internationally, most of the Group's units also use Navision.

The finance team of each facility also produces monthly reporting for the Group finance department.

Quarterly consolidated financial statements are prepared within the HFM software, with the process being supervised by the Group Consolidation Director and their team. Only interim and annual consolidated financial statements undergo a limited review and audit by the Statutory Auditors.

The financial reporting process also involves all the accounting teams in France and around the world. It has three main stages:

1. prior to the period-end date, a schedule of the key milestones is drawn up and sent to the various participants;
2. in the month following the close of the financial year, each Business Unit prepares its consolidated financial statements on HFM and transmits them to the Group's Consolidation Department;
3. the Consolidation Department prepares the Group's consolidated financial statements on HFM. This task consists in verifying compliance with the statutory and regulatory requirements and confirming that accounting principles and standards are applied properly.

The Group finance department also conducts an ongoing review of changes in accounting standards, tax law and new statutory and regulatory requirements. To assist its decision-making on technical points, the finance department may also call on other headquarters functions or on the services of 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.

2.6.5.3 BUSINESS AND FINANCIAL PERFORMANCE MONITORING SYSTEMS

Operational management control

The reporting system for the various business indicators continuously and consistently tracks performance trends at each of the Group's facilities and makes sure they stay on course to meet the targets they have been set.

The management control unit has a wide range of tasks, and it liaises closely with both the finance department and operating department to:

- prepare an annual budget for each facility;
- prepare a monthly budget tracking and reporting system;
- develop new systems and benchmarks and enhancements to existing systems to improve responsiveness;
- carry out specific analytical tasks, such as budget simulations or adjustments.

The aim with budget preparation is to use an identical template for all facilities. This template is pre-populated by management control using the various existing databases. The budget is subsequently completed and amended by facility managers and regional managers. The budget is put together through ongoing dialogue between the operations department and management control. Once validated, it serves as a roadmap for each facility and the management control can use it for ongoing monitoring purposes throughout the year.

A budget tracking document is prepared on a monthly basis monitoring trends in revenue and operating expenses. It also provides a basis for a monthly analysis of operating performance based on the financials.

This reporting is prepared by the 10th of the following month and includes payroll costs, revenue, other expense items and customer-tracking data.

This document is given to corporate directors and to geographical regions prior to Operations Committee meetings, during which action plans are drawn up, where required, with input from the managers of the technical headquarters units (medical, employee affairs, purchasing, catering and works). Beginning in 2021, the Group is improving its budget tracking and operational performance analysis system *by* rolling out a one-of-a-kind tool known as the *Board* solution which lets users rapidly view the various indicators at the desired granularity (by facility, region, country, area, activity, etc.). The reports generated by Board specifically serve as a basis to discuss financial information in connection with the Quarterly Business Reviews.

Meetings are also held every month in each geographical region to implement these action plans in conjunction with the relevant facility managers and to remedy any shortcomings.

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

Special management control arrangements have been put in place for real estate and construction activities.

For each construction project or major facility redevelopment, an overall budget and schedule are prepared by the project contracting unit. This budget is entered in an internally developed database with a description of each entry. The budget is then converted into a contract, reflecting the agreements signed with the various participants. Invoices are entered on a daily basis, enabling the real-estate management control unit to track expenditure and make sure the project keeps to its schedule.

Monthly reporting is submitted to executive management and the project contracting unit, showing any delays to the schedule and budget variances so that the relevant remedial measures can be taken.

An annual budget is drawn up for maintenance spending at mature facilities, and a database is also used for tracking purposes.

Also noteworthy is the creation on 15 March 2021of a Real-estate Department within Executive management to outline the Group's real-estate policy and ensure that it is properly executed.

Treasury management

Treasury management is fully centralised at each country's administrative headquarters and coordinated by the Group Treasury Director. The Group's operational facilities do not make any payments, since all trade payables are handled by the headquarters.

The Group has placed restrictions limiting powers for the issue of means of payment at the headquarters. Special powers and rules of procedure have been put in place to cover these restrictions at the finance departments of the subsidiaries outside France.

The Group's cash flows are also monitored on a daily basis to spot any unusual transactions.

Cash pooling takes place automatically every night with a feed of bank data containing the previous day's transactions processed by cash management software.

2.6.5.4 AUDIT COMMITTEE

The remit of the Audit Committee is presented in the "Corporate governance report" in Chapter 5 of this document.

2.6.5.5 THE STATUTORY AUDITORS

The Statutory Auditors are responsible for reviewing the Company's accounts and financial statements and also those of its consolidated subsidiaries. This takes the form of:

- a review at the 6-month period 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 and giving undertakings concerning the quality, reliability and completeness of the financial information, is given to the Statutory Auditors at each reporting period-end.

Once they have examined all the financial statements and the methods used to prepare them, the Statutory Auditors give their opinion. They certify that parent company and consolidated financial statements provide a true and fair view.

2.6.5.6 FINANCIAL REPORTING

The executive management team has direct responsibility for financial reporting.

The Board of Directors publishes a statement of financial information and data communicated to the public.

A reporting schedule of financial information is drawn up by the Group each year and published for investors (on the Company's website).

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.

The Group also provides development updates throughout the year and regularly meets with its shareholders and new institutional investors.

2.7 Appendices

2.7.1 APPENDIX 1: TABLE OF FIVE-YEAR FINANCIAL HIGHLIGHTS

	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
SHARE CAPITAL AT YEAR-END					
Share capital *(in euros)*	80,789,156	80,769,796	80,732,904	80,691,404	75,342,114
Number of ordinary shares in issue	64,631,325	64,615,837	64,586,323	64,553,123	60,273,691
Maximum number of additional shares to be issued					
• through bond conversion	3,450,511	3,450,511	0	0	4,503,369
• through exercise of subscription rights	271,516	183,110	71,726	0	0
KEY INCOME STATEMENT HEADINGS *(in euros)*					
Revenue	965,500,629	943,200,804	866,262,327	792,094,399	723,748,182
Operating profit	31,016,949	76,381,958	73,782,467	72,128,666	64,149,083
Net finance cost	(2,114,342)	(1,824,040)	(43,959,392)	52,996,448	(17,188,304)
Pre-tax profit on ordinary activities	28,902,607	74,557,918	29,823,075	125,125,114	46,960,779
Net non-recurring items	(3,196,333)	(613,094)	25,085,146	(8,969,099)	(10,568,119)
Earnings before tax, depreciation, amortisation and charges to provisions	59,672,228	107,489,078	95,921,561	146,632,512	69,367,946
Income tax	4,782,337	(13,156,217)	(17,537,186)	(4,954,206)	(6,483,743)
Net profit	30,488,611	60,788,607	37,371,035	111,201,809	29,908,917
Profit paid out to shareholders		0	77,539,004	71,044,955.30	60,273,691
EARNINGS PER SHARE *(in euros)*					
Basic earnings per share	0.47	0.94	0.58	1.72	0.50
Diluted earnings per share	0.47	0.94	0.58	1.72	0.50
Dividend paid per share		0	1.20	1.10	1.00
STAFF					
Average headcount	12,041	11,946	11,145	9,643	9,219
Total payroll expenses *(in euros)*	378,838,047	349,428,394	327,623,211	279,795,303	260,494,876
Total employee benefits *(in euros)*	122,830,698	104,664,462	104,689,281	89,515,129	85,434,373

3

RISK FACTORS

3

RISK FACTORS

3.1 General risk identification and management policy

Given the nature of its operations, the ORPEA Group follows an active risk prevention and management policy for the risks inherent to its business. The risk prevention and management framework is predicated on a structured approach, which aims to identify, assess and control risk factors liable to adversely affect the smooth operation of the Group.

Measures to strengthen the audit, risk and compliance department began in 2017 under the leadership of executive management. The Group continued to build momentum for this effort by hiring teams at the Corporate level in 2018 and by hiring dedicated coordinators within the permanent control units at the geographical regions level in 2019. The year 2020 was dedicated to supporting the operational teams through the public health crisis and the continuation of projects specific to each area of expertise.

This audit, risk and compliance department reports to the executive management team and to the Audit Committee for day-to-day operations to safeguard its independence. It is built around two units:

- the permanent control unit, which endeavours to identify and prevent risks and to devise an appropriate internal control framework. It has four main areas of expertise:
  - risk management, which is in charge of preparing and coordinating various risk mapping exercises,
  - internal control, which is responsible for establishing the internal control framework, including by introducing and monitoring Group-wide standards and by taking part in various projects to ensure risk factors are handled properly,
  - compliance, which is tasked with ensuring the Group complies with its obligations, with a particular focus on efforts to combat 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, which consists solely of internal audit, and which is responsible for ensuring that the internal control framework is effective and that risks are mitigated in all Group entities. It may also recommend improvements to curb its risk exposure.

In 2019, the Company completely overhauled its risk mapping, which aims to identify the main risks at the Group level. All subsidiaries and activities were included in the exercise to take into account changes within the company and the environment in which it develops. The risk mapping was presented and shared in full with the members of the Group's executive management and with the Audit Committee.

The Group has a risk mapping programme, which rests on the following pillars:

- analysis and classification, by area, of the risks arising from the interviews conducted with the Group's key managers and the departments of the various Clusters and Business Units;
- risk benchmarks for risks that apply to similar sized companies in the same or related sectors;
- a rating of each risk factor based on expected severity, its likelihood of occurrence and the extent to which it has been mitigated;
- oversight of action plans to mitigate risk factors constituting major challenges for the Group.

During 2020, due to the public health context of the Covid-19 pandemic, action plans relating to risks identified as significant were fine-tuned to ensure continuous improvement. The Group's risk mapping will be updated as from H2 2021.

3.2 Main risks

In accordance with Article 16 of Regulation (EU) 2017/1129 of the European Parliament and Council, the "Main risks" chapter of this document has been revised to make it easier to read. In line with this new regulation, this chapter includes the main risks that could impact the Group's business, financial position, reputation, results or outlook.

However, the fact remains that the risk management policy includes a wider range of risks, and is not limited to the most significant ones. For instance, some risks identified during the risk mapping exercise are covered in the Statement of non-financial performance or in the Vigilance Plan but are not covered in the main risks discussed in this chapter.

The risks identified by the Group during the risk mapping exercise are ranked in order of severity: moderate, significant and critical. This ranking comes from combining the risk's likelihood of occurrence and potential impact. Risk management systems are connected to these risks, which helps the Group obtain the net risks presented in the table below. Due to action plans rolled out, the Group does not have critical net risks. In accordance with the new regulation, the highest risk is shown at the top of each category.

A note has been added to the table below when one of the risks is also mentioned in the Statement of non-financial performance (*) or in the Vigilance Plan (**). The methodology for identifying and assessing these risks is applied in the same manner to the risks mentioned in the statement of non-financial performance and in the Vigilance Plan.

In 2020, the Group reviewed the main risks that had been identified in 2019 to determine whether any changes had occurred or any new risks arisen. It also reviewed the assessment of the impact, the probability and the level of management for each risk, taking into account the impact of the public health crisis and the increase in cybercrime. This review led to the addition of a risk relating to the Covid-19 pandemic. The other risk factors identified in 2019 remained unchanged in terms of both their description and their assessment.

1.	Risks related to the Covid-19 pandemic	Severity
1.1	Risks related from the Covid-19 pandemic (*) (**)	Significant
2.	**Risks arising from the Company's activity**	**Severity**
2.1	Strategic risk: risk related to building and maintaining real-estate assets	Significant
2.2	Strategic risk: risk related to acquisitions and their integration	Significant
2.3	Operational risk: risk related to a failure to respect the rights and dignity of vulnerable persons (*) (**)	Moderate
2.4	Operational risk: risk related to medical treatment and quality of care (*) (**)	Moderate
2.5	Operational risk: risk arising from facility safety conditions (*) (**)	Moderate
3.	**Operational risks**	**Severity**
3.1	Human resources risk: difficulty attracting, hiring and retaining employees, especially for in-demand jobs (medical and paramedical jobs) (*)	Significant
3.2	Communication risk: risk of damaging the Group's image	Significant
3.3	Cybersecurity risks	Significant
3.4	Information system risks	Moderate
4.	**Legal and compliance risks**	**Severity**
4.1	Compliance risk: risk related to the management of personal and medical information	Significant
4.2	Compliance risk: risk of violating the Group's ethical principles and efforts to combat corruption and influence peddling (*) (**)	Moderate
4.3	Legal and regulatory risk: risk related to the award and renewal of operating licences	Moderate
4.4	Legal and regulatory risk: risk related to pricing policies	Moderate
5.	**Financial risks**	**Severity**
5.1	Risk related to raising additional funding	Moderate
5.2	Risk related to the Group's debt	Moderate

(*) Statement of non-financial performance.
(**) Vigilance Plan.

3.3 Risks arising from the Covid-19 pandemic

RISKS RELATED TO THE COVID-19 PANDEMIC

Description of risks

As a long-term care player, ORPEA Group has always taken public health and epidemiological risk into account, in particular in terms of operational risk: "risk related to medical treatment and quality of care". The purpose of this section is to focus on the most significant aspects of this risk for ORPEA.

a. In terms of the public health crisis which shaped 2020, the Group acted early, in cooperation with the healthcare authorities, in response to the risk which the virus posed to the health and safety of patients, residents, individuals cared for in their homes and employees. Although the entire population is at risk of catching Covid-19, certain populations such as the elderly and those suffering from chronic illnesses may be more affected by severe forms of the illness. The virus has hit the elderly and fragile much harder and has left a great number of families in mourning despite the preventative measures implemented. The excess mortality rate was between 10% and 20% depending on the country and the period in question. In a 90-bed nursing home, there are 2.2 deaths per month on average. During the crisis, this figure rose to 2.4 and even 2.5. Preventative measures were introduced at the beginning of the crisis and remain in place to date. Following the action of some associations, the facilities in the Madrid region provided the public authorities with information on the measures implemented during the Covid-19 pandemic. Some of the procedures initiated by the public authorities following the action of the associations have already been wound up.

Considering the remarkable commitment of employees to care for patients, residents and individuals cared for in their homes, one of the major business continuity challenges was the prevention of occupational hazards faced by the Group's teams. The Group therefore took action to secure the supply of personal protective equipment (masks, protective goggles, hand sanitisers, etc.) to limit the spread of the virus. The unprecedented nature of this pandemic and the lack of knowledge regarding the virus and its treatment also reinforced the need to support carers and employees by providing graduated, local responses, adapted to each facility, which focused on safety and maintaining the social interaction of residents (in particular with their families, the various employees, external service providers).

In light of the protracted nature of the pandemic, the psychological impact has not been overlooked. This may have an impact on patients and residents who, due to lockdown measures and visiting restrictions, could suffer from isolation despite the compensatory measures implemented. Moreover, healthcare staff and generally, all employees are more exposed to psychosocial risks.

All the measures taken have proven to be necessary as the Group is fully aware that any breach or failure in terms of protocols or organisational measures could have an impact on the health and safety of patients, residents, people cared for at home and all employees.

b. The public health crisis has had an impact on the Group's financial position. As was the case for most businesses, ORPEA saw a decline in sales growth to 4.9% (organic growth at 0%) due notably to the temporary closure of Austrian hospitals, the marked decline in admissions both in hospitals and nursing homes, in particular during H1 2020, and a more-than average mortality rate in certain regions. Moreover, additional costs were occasioned by the implementation of health resources and exceptional measures such as the purchase of PPE, an increase in the payroll to support healthcare staff and investment in or the leasing of equipment. The total gross cost for 2020 after factoring in the loss of business, additional costs relating to PPE and bonuses paid to employees was €259 million. The net cost of the crisis, after taking into account compensation received through government aid, was €101 million.

c. The Covid-19 crisis and the related state-imposed lockdowns during the end of the winter and spring 2020 led the Group to expand remote working for a percentage of the workforce which represented less than 2% of total employees, since 98% of the personnel work at the Group's various facilities. ORPEA did not encounter any major difficulties in terms of software solutions in place or IT equipment and was able to rapidly equip its employees for remote working.

A shortcoming in the robustness of its information systems and crisis management and business continuity plans could have led to disruptions in the Group's day-to-day organisation. As the performance of the IT infrastructure represents a major challenge, the Group focused on IT, technical and organisational solutions that would limit the impact from the risk of compromising the security of information systems at a time when IT systems were seeing an upsurge in cyber-attacks (see Cyber risk).

Risk management

a. As a player in the healthcare system, the Group is fully prepared to ensure its business continuity to protect the health of its patients, residents, people cared for at home and all employees. The Group has always recognised the risk of an epidemic, and consequently a pandemic, which is why the Group has implemented and tested early treatment and crisis management plans at every facility. Therefore, right from the beginning of the pandemic, ORPEA activated its crisis units, which included business continuity plans, at both the Group and local level to effectively anticipate measures to be implemented.

Since the activation of the crisis units, the Group has been rolling out protocols and procedures as knowledge of Covid-19 has evolved. The aim is to provide a graduated response, adapted to each facility, as close as possible to the field, which focuses on safety and maintaining the social interaction of residents (families, employees, external service providers). ORPEA also focuses on informing and training staff and visitors in protective measures (reminder of good hygiene practices, isolation protocols for any infected patients or residents, etc.). In agreement with local authorities, the limiting of visits was also introduced to limit the spread of the virus, while also ensuring that social interaction was maintained, mainly via the roll out and use of new methods of communication.

The Group also anticipated, as of the beginning of the crisis, orders for the necessary protective equipment (masks, protective goggles, hand sanitisers) in response to the pandemic and in order to limit the spread of the virus as much as possible and protect residents, patients and Group employees.

In addition to protective measures, the Group also applies a systematic testing policy in the event of any suspected cases or contact cases by testing all the people present in the facility (patients, residents and employees). In the event one person tests positive, certain temporary restrictions may be reintroduced as a precautionary measure, such as dividing meal times at the restaurant into small groups or limiting visits to patients' and residents' rooms.

The Group has also created psychological intervention units to support patients, residents and employees.

Moreover, to understand how its employees felt during the crisis, the Group carried out an employee survey in June 2020, in partnership with an international consulting firm, involving 22,000 employees in France. The main findings of this survey show:

- a very strong sense of being useful for 90% of employees;
- close to nine out of ten employees consider that the protective measures implemented were appropriate.

At the same time, a satisfaction survey regarding the management of the public health crisis was carried out at the Group level among residents' families, by independent external companies: 37,000 questionnaires were sent out, with a response rate of 46%. 92.5% of those who responded said they were satisfied or very satisfied with the information and measures introduced to ensure the safety of residents.

At the beginning of 2021 the Group launched vaccination campaigns. As at 3 May 2021, 85% of residents and 60% of nursing home employees had been vaccinated (had received at least the first dose). At the same date, the number of positive cases of Covid-19 represented 0.2% of residents and more than 95% of the Group's nursing homes had no positive cases.

b. The year 2020 was unprecedented in the scale and length of the global pandemic, but ORPEA was able to demonstrate its ability to adapt and resist. The Group posted 2020 revenue growth of 4.9% at €3,922.4 million, and EBITDAR of €963 million which represented a margin of 24.6% compared with 26.3% in 2019.

At 31 December 2020, the Group's real-estate portfolio stood at €6,969 million, i.e., an increase of €952 million (16%) compared with 2019. This was due to the revaluation (+€570 million) of all existing real estate, the acquisition of buildings (+€615 million) in Ireland, Germany and the Netherlands, and the disposals of real estate for €232 million. At 31 December 2020, ORPEA owned 47% of its buildings, which brings it close to its 50% target. At the end of December, ORPEA continued its growth, despite the Covid-19 pandemic, and reached a total of 1,114 facilities and 111,801 beds across 23 countries compared with 1,004 facilities and 103,032 beds across 20 countries in 2019.

For 2021, ORPEA is targeting revenue growth of at least 6% (and therefore revenue in excess of €4,155 billion), the opening of 4,055 new beds from the growth pipeline and €400 million to €500 million in disposals of real estate (in line with its strategy to own around 50% of its property portfolio).

The Group is confident in its ability to continue its sustained global growth, focused, as always, on value creation through new acquisitions and construction of new health facilities.

c. As with any crisis management, information systems and their protection are a key success factor. For this reason, ORPEA has mobilised financial, technical and human resources to maintain the best market standards. This policy has allowed the Group to smoothly introduce remote working, to ensure a continuum of care supported by its IT system, and withstand the rise in cybercrime triggered by the Covid-19 crisis. Moreover, the Group has adapted, strengthened and tested its business continuity plans and its business recovery plans.

3.4 Risks related to the Company's business

STRATEGIC RISK: RISK RELATED TO BUILDING AND MAINTAINING REAL-ESTATE ASSETS

Description of risks

The Group's growth is supported by two core pillars: organic growth which relies in particular on the construction and redevelopment of facilities (Greenfield) and external growth via the acquisition and integration of new entities. The ORPEA Group strives to meet its development goals in a way that boosts its growth outlook and financial results.

Due to the public health crisis, the Group has been forced to postpone real-estate development and planned external growth projects.

ORPEA's real-estate strategy is to own around 50% of its buildings (in absolute number of buildings). At 31 December 2020, the directly owned real-estate portfolio (owned buildings and buildings financed under finance leases) which accounted for 2.22 million m^2, was valued at €6,969 million (excluding the €488 million in real-estate assets sold within one year), €815 million of which were assets under construction or renovated assets. In 2020, the real-estate portfolio increased by €952 million thanks to the revaluation of the real estate and to new construction and building acquisition projects. The valuation of the entire portfolio by Cushman & Wakefield and JLL estimates the yield at 5.3% compared with 5.7% in 2019. The impact of this valuation at 31 December 2020 was an increase of €570 million in the gross value of the real estate portfolio, an increase of €423 million in equity and of €147 million in deferred taxes. Following the application of IFRS 16, the right of use of assets leased by the Group (which correspond to discounted future lease payments) totalled €2,817 million.

During the financial year ended 31 December 2020, real estate expenditure represented by depreciation and impairment amounted to €503.6 million, including impairment relating to IFRS 16 – Leases. The maintenance of real estate assets were recognised as capital expenditure and represent 2.5% of annual revenue on average.

■ **Overview of beds in service and under construction by geographic group at 31 December 2020**

	Number of sites	Beds in service	Beds under construction	Number of beds	12-month change
France Benelux	**572**	**42,540**	**5,366**	**47,906**	**+3,838**
France	372	32,673	3,543	36,216	2,193
The Netherlands	116	1,676	1,168	2,844	583
Belgium	71	7,230	268	7,498	79
Luxembourg	2	0	365	365	0
Ireland	11	961	22	983	983
Central Europe	**261**	**22,148**	**5,828**	**27,976**	**1,485**
Germany	191	17,105	3,452	20,557	974
Italy	30	1,977	1,518	3,495	266
Switzerland	40	3,066	858	3,924	245
Eastern Europe	**142**	**11,154**	**4,101**	**15,255**	**836**
Austria	87	7,041	954	7,995	180
Poland	23	1,190	1,696	2,886	0
Czech Republic	20	2,044	784	2,828	103
Slovenia	9	551	467	1,018	225
Latvia	1	202		202	202
Croatia	1	126		126	126
Russia	1		200	200	0
Iberian Peninsula/Latin America	**137**	**10,416**	**9,723**	**20,139**	**2,225**
Spain	66	8,992	2,339	11,331	254
Portugal	37	728	3,336	4,064	956
Brazil	22	471	2,487	2,958	206
Uruguay	3	100	209	309	(17)
Colombia	4	0	641	641	320
Mexico	5	125	711	836	506
Rest of the World	**2**	**140**	**385**	**525**	**385**
China	2	140	385	525	385
TOTAL GROUP	**1,114**	**86,398**	**25,403**	**111,801**	**8,769**

Building future facilities and maintaining the existing real-estate portfolio represent strategic priorities for the Group. ORPEA may therefore be faced with the risks listed below:

- operational delay due to not obtaining administrative permits (e.g. third-party objections);
- construction cost for a project exceeding the preliminary assessment;
- construction period exceeding the estimated time;
- technical difficulties (default by subcontractors, inclement weather, etc.);
- deficiencies in the maintenance and rehabilitation of buildings leading to the ageing and disrepair of real-estate assets;
- non-compliance with environmental standards;
- regulatory non-compliance with regards to the safety of buildings.

At 31 December 2020, aside from all aspects relating to the public health crisis, the ORPEA Group had not experienced any significant events (e.g. facility closure due to a health hazard, inspections by relevant authorities that require major repairs etc.) under its real-estate portfolio management.

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

Risk management

To curb construction risks, the Group has a works department where teams dedicated to construction prepare, with the help of outside architects, planning permission applications in close collaboration with:

- operational staff (regional managers, medical department and pricing department) to devise a functional plan ensuring the facility runs smoothly and care is properly organised;
- the administrative departments of the local authorities responsible for granting planning permission, which streamline preparation of the application and research for the process to obtain permission.

The Group regularly monitors the progress of each project to most effectively manage costs, quality and schedule. In addition to weekly site visits, monthly reporting is prepared and sent out and teams from Corporate visit the construction site several times for milestone visits.

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

The ORPEA Group pays close attention to compliance with safety standards at its facilities to prevent real-estate portfolio maintenance risks by maintaining an investment policy that ensures properties are maintained and repaired on a regular basis.

At ORPEA, our priority is to ensure all facilities are high-quality, safe and comfortable locations. With its portfolio of facilities built or redeveloped recently, ORPEA possesses a consistent, homogeneous portfolio of assets that meet the most stringent regulatory standards and provide a level of comfort few in the sector can match.

A works department established in each country is responsible for building safety and maintenance. This process includes preventative maintenance and remedial measures that are part of a system assuring full traceability to identify the issue that has arisen, the action taken to mitigate it, the person responsible, and the date on which the action was completed.

At the same time, the ORPEA Group has established a network of specialised independent contractors that can audit the safety of its facilities and buildings to check their compliance with the regulations in force (fire safety, lift safety, electricity, gas, water etc.).

STRATEGIC RISK: RISK RELATED TO ACQUISITIONS AND THEIR INTEGRATION

Description of risks

For many years now, ORPEA has implemented an active development policy, in particular through the acquisition of existing facilities or small groups of facilities. In recent years, more than 50% of the Group's growth has come from acquisition-led growth in countries where it already operated and in new territories. In 2020, ORPEA continued to apply its targeted acquisition strategy. Its main acquisitions included:

- **the Sinoue group (55%)**: additional acquisition of the remaining 55% stake of which six facilities in France and one in the United Kingdom representing a total of 592 beds;
- **Clinipsy**: nine psychiatric facilities in France, representing a total of 907 beds;
- **TLC Group**: five nursing homes in Ireland, representing a total of 674 beds;
- **Brindley (50%)**: ten nursing homes in Ireland, i.e., a total of 574 beds.

Moreover, more significant competition is emerging given the concentration of the long-term care sector in recent years and growing interest from private equity companies. Indeed, the emergence of national and international groups in the nursing homes and medical facilities sectors could cause those groups to bid up the prices paid to acquire independent facilities; this makes it challenging to identify sufficiently attractive opportunities. By way of example, several transactions were announced throughout Europe in 2020:

- acquisition of the French psychiatric group Inicea by the European group Korian;
- acquisition of the Colisée Patrimoine group (nursing homes in France, Belgium, Italy, Spain and China) by the Swedish private equity firm EQT;
- acquisition of the Irish nursing home group Vertue by French group Emera.

Furthermore, the purchased facilities do not always comply with the Group's quality or its expected profitability standards. In terms of integration, upgrading the purchased facilities therefore requires investments and increased staff involvement in order to meet the Group's standards.

As a result, changes to the competitive landscape the Group operates in could hamper its ability to push ahead with its acquisition-led growth strategy and/or cause the Group to purchase companies and/or facilities at higher prices than they have historically had to do and/or cause the Group to purchase lesser quality companies and/or facilities than the Group normally does, which could have a material adverse impact on the Group's business, financial position, results of operations and outlook.

Risk management

For acquisitions

The number of potential targets remains significant, because, apart from a few private groups (Korian, Domus Vi, Attendo etc.), the private sector remains highly fragmented in all countries and is dominated by small family-owned operators. In most cases, these facilities no longer have the means to adapt to the ever-growing number of and increasingly stringent regulatory standards, or their owners wish to hand over the reins, notably where the founder has reached retirement age. In addition, given the funding difficulties faced by local authorities, certain facilities in the not-for-profit sector are struggling and therefore represent a new source of growth for the Group.

Furthermore, ORPEA has significantly broadened its range of potential targets through its geographical and operational diversification. With its new geographical regions-based organisation structure, the Group is in a position to make acquisitions in 35 countries. ORPEA adopts a highly selective approach focused on acquiring independent facilities or small groups of facilities, a segment in which there is far less competition than for larger groups.

Every opportunity is meticulously studied (operational audits, real estate audits, due diligences etc.) to measure its fair value, identify potential risks and prepare for integration as well as possible. It is then submitted to the Development Committee for approval by executive management.

Lastly, ORPEA's development policy consists not just in going ahead with targeted acquisitions, but also with organic developments by establishing completely new facilities.

For integrations

ORPEA has gained great experience in acquiring facilities, and has built its organisation and information systems to integrate and control the groups it buys. In recent years, it has invested heavily in both information systems and in strengthening management teams to facilitate the smooth integration of its new facilities in all respects and to tighten its controls.

Moreover, the Group's strategy involves the targeted acquisition of independent facilities or medium-sized groups, which reduces the impact on the Group and ensures rapid integration.

OPERATIONAL RISK: RISK RELATED TO A FAILURE TO RESPECT THE RIGHTS AND DIGNITY OF VULNERABLE PERSONS

Description of risks

The ORPEA Group provides long-term physical, intellectual, permanent and temporary care. In 2020, the Group cared for more than 250,000 patients and residents in its facilities around the world. Due to the vulnerability of the individuals in its care, the Group has established respect of their dignity and their rights as part of its business ethics.

The Group's inability to respect its ethical commitments and guarantee care under the best possible safety conditions may have a negative impact on the health of the individuals cared for as well as on the Group's reputation which may be held legally liable. The Group has therefore been highly proactive in its treatment of these risks and in gaining recognised expertise in long-term care, in both medical terms as well as the quality of its services and the safety of its facilities. At 31 December 2020, the complaint rate was 0.5% versus 0.4% at 31 December 2019, corresponding to 1,254 claims throughout 2020 for around 250,000 patients and residents cared for over the same period.

Despite all the care and professionalism of the ORPEA Group's teams, patients or residents may believe they have suffered an act of mistreatment or abuse. Mistreatment and abuse can come in various forms such as physical, psychological, moral, sexual or financial abuse. This risk may result from intended or unintended negligence that may harm the dignity and privacy of an individual. Staff may be held liable, which may have a negative impact on the image of the facility in question and, as a result, on the appeal and image of the Group as a whole.

Despite measures put in place, which are described in more detail in the statement of non-financial performance, these risks could have an unfavourable impact on the Group's business, financial position, results of operation and outlook.

Risk management

A shared set of best practices has been developed within the Group to prevent and manage these risks to the best of our ability. The Group has procedures in place that outline how to manage patient care and make sure residents and patients are safe at all times. The Group pays close attention to care provision traceability to make sure it delivers high quality care and a personalised care programme. Teams working under the leadership of the Group quality department and in collaboration with the medical department developed consistent quality standards tailored to all the facilities.

Additionally, difficulties identified while caring for a resident/patient are discussed at the weekly briefing meetings held in each Group facility. The best solutions for respecting the freedom, rights, individuality and dignity of the resident or patient are identified by participants working as a team. The Group's operating structure facilitates excellent monitoring of the quality of care provided as well as oversight of how staff handle everyday problems, since facility managers are relieved of the majority of support functions. This structure proved to be particularly useful in supporting the care teams in terms of challenges faced during the public health crisis. The public health crisis led the Group to set up a complex decision-making process based on ever-changing scientific recommendations which were at times restrictive in terms of respecting the rights and freedoms of individuals. The main challenge for the ORPEA Group and its employees was managing to balance, in the context of a health emergency, the best possible respect for the rights of people being cared for with the need to protect them against the Covid-19 virus. During this highly uncertain period due to the lack of knowledge surrounding this new virus, the ORPEA Group was committed to reinforcing ethical dialogue, individual and collective support within its facilities to ensure that carers never felt alone and had access within their teams and/or through specially created units (notably the psychological support unit) to counselling, support and collegiality when making decisions.

The ORPEA Group has also always been committed to providing positive treatment by continuously raising employee awareness about the values and best practices that are essential to maintaining respect for the dignity and individuality of its residents and patients. These values are enshrined in the Group's Code of Conduct and in ORPEA's quality charters and in charters setting out values that matter most to teams.

Within these documents, the Group has included a preventive and remedial protocol for mistreatment and abuse for all of its facilities. Not only is this designed to help prevent such behaviour – through appropriate recruitment, staff integration, support and training – but it also calls for any person suspected of mistreatment or abuse to be suspended in compliance with personnel management rules for as long as it takes to conduct an internal investigation.

Throughout the year, the ORPEA Group employees also receive training on how to detect and prevent mistreatment and abuse. The training includes discussions of personal experiences, role-playing activities, and individual and collective action plans. Mini-training sessions are also provided regularly in each facility.

To reinforce the attention it gives to the ethical aspects of care practices, the Group established an International Scientific and Ethics Council in 2015. 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 Committee or raise issues and questions concerning a resident's or patient's care, especially where this has implications for positive treatment.

Every year the International Scientific and Ethics Council (ISEC) organises the ORPEA Excellence Awards to promote a responsible professional and pragmatic culture of clinical ethics and to encourage teams to innovate, 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 devised noteworthy clinical ethics programmes. In the past five years, 25 teams have entered in the clinical ethics category.

A feeling of belonging, a person's culture, traditions and religious identity are strictly respected and staff are required to show an impartial attitude.

Furthermore, residents/patients have the right to refuse any treatment and may express their end-of-life wishes by providing guidelines in advance. ORPEA's teams are trained in end-of-life care. They can manage pain and discomfort, and provide psychological support, not only for the resident/patient, but also for relatives. Training involves the listening skills, compassion and availability that teams need in order to maintain the resident/patient's dignity so that they do not feel abandoned, and to create a safe space for them.

The Group's facilities naturally abide by the legislation in force. In France, that includes the 1999 law enshrining the right to palliative care and the Leonetti law of 2005, which stresses that suspending or no longer providing "curative" care does not mean "neglecting" or "abandoning" the patient.

OPERATIONAL RISK: RISK RELATED TO MEDICAL TREATMENT AND QUALITY OF CARE

Description of risks

The health of residents and patients is at the heart of ORPEA's activity. It is the main priority of all teams within the Group's facilities, whose primary role is to provide care and support for vulnerable persons with loss of independent living skills.

Any failure in care and treatment could materialise in several ways:

a. the occurrence of a risk of infection may impact patients and residents as well as staff. This may be the result of non-compliance with hygiene best practices or the poor management of Potentially Infectious Medical Waste (PIMW), or a seasonal epidemic such as the flu or a pandemic such as the Covid-19 pandemic;

b. the use of medical devices may carry risks. Those risks may arise through the way they work, the way they are used or a combination of other causes. The risks may affect the resident, patient, user or a third party;

c. residents or patients could file complaints against one of the ORPEA Group's facilities regarding their medical or paramedical care for negligence or professional malpractice despite the fact that doctors are personally liable when providing care, in particular doctors in private practice. In addition to the risk related to the facility's image and, as a result, to the Group as a whole, ORPEA may be obliged to pay financial compensation to residents or patients who filed the complaints;

d. drug-induced iatrogenesis refers to adverse effects on a patient's health from any act or procedure performed or prescribed by a qualified professional aimed at protecting or curing an individual. Adverse side effects may result from an act by a professional with or without medical error or from the use of a drug, whether or not its use corresponds to its standard therapeutic indication. If iatrogenesis results from a "medication" error, the facility may be held liable;

e. an ageing population and the growing number of people with Alzheimer's disease means that the risk of patients wandering out of medical facilities and nursing homes has increased. Wandering by senile patients or patients with degenerative diseases or psychiatric conditions may cause them significant harm which may, in turn, result in the facility being held liable;

f. given the number of people cared for in its facilities, in particular in psychiatric facilities, the Group may be held liable if a resident or patient attempts or commits suicide;

g. failure in the food supply chain may give rise to the risk of facility-wide food poisoning, which could negatively impact the health of residents, patients and employees as well as harm the facility's image. Moreover, the facility may be held liable in the event of such an infection.

The occurrence of one or more of the above-mentioned incidents may damage the Group's reputation and have a negative impact on its business, financial position, results of operations and outlook.

Risk management

The Business Units' quality departments (which cover care, health, safety and security, meals, and quality process monitoring) and authorised outside companies (food testing and analysis laboratories, building safety external control office) conduct audits to prevent risks. More than 200 criteria are permanently tracked and monitored internally. These criteria are tracked using daily management charts:

- throughout the month, self-assessments are conducted by facility managers and their management team (including the Doctor and Nurse responsible for the "care" aspect, as well as the Chef for food service and maintenance staff for building security);
- every six months, a control audit is performed by regional managers to monitor compliance with all Group procedures (care, food, administrative and hygiene procedures) and as such to ensure the health and safety of residents and patients.

These internal audits allow each facility to identify areas of non-compliance and to implement appropriate corrective action plans, as a team.

In addition to these audits, the Group conducts satisfaction surveys in every country and at every site (such as post-acute care facilities, rehabilitation facilities, psychiatric facilities, nursing homes and home care companies) to verify that residents and patients receive the care and assistance they need. These surveys are conducted when patients are discharged from the facility and once a year for nursing homes. Results and improvement plans developed for each facility are presented to residents and their families. In 2020, the satisfaction survey was sent to more than 52,000 nursing home residents and family members, and 56% responded. Overall, 92% of respondents said they were satisfied or very satisfied and 95% would recommend an ORPEA facility to their family or friends.

In addition, specific actions were taken for each of the risks mentioned above:

a. To prevent the risk of exposing patients and/or residents to infection risk, the ORPEA Group has developed procedures for complying with hygiene rules (hand-washing, standard precautions) as well as specific measures to limit the risk of contaminating other residents and patients (isolation measures).

The Group created a hygiene unit in 2016. It includes outside experts, such as representatives from the French Nosocomial Infection Prevention Committee.

The Group's public health specialists gave a training session to teams at every facility on how to prevent and control infection risk. Intervention by hygienists with the teams was increased during the public health crisis.

Widespread use of hand sanitisers in the facilities reduces the spread of infection by hand.

At the same time, awareness-raising campaigns have been launched to teams through annual hand hygiene days and/or resident/patient safety days.

The quality and/or medical department regularly conducts audits to ensure hygiene rules are complied with, laundry and waste cycles are properly managed, and staff, residents/patients and visitors are made aware of protocol.

This approach became particularly meaningful during the Covid-19 crisis. Thanks to the support of teams of experts at both the country and Group levels, facilities were able to benefit from regularly updated protocols, personal protective equipment and tools which were adapted to the health situation.

With regard to managing potentially infectious medical waste (PIMW) specifically, to prevent contamination risk, managing and eliminating these risks requires strict organisation and logistics, which the Group's facilities comply with under regulations in effect. All facilities are equipped with special receptacles for collecting these types of waste: containers for needles and other sharps, and CliniBox-type containers for other infectious waste. Medical waste is removed and disposed of by an authorised company under a service agreement or through a partnership. Every country has protocols for managing PIMW that define how to store the materials at various intervals as well as protocols for collecting it for destruction at different pre-defined intervals according to the country's laws.

b. At the ORPEA Group, all the medical systems used are recorded and an annual preventative maintenance plan has been defined as well as maintenance protocols.

At the same time, in facilities where the medical systems are more widely used, a materials vigilance coordinator has been appointed and is responsible for monitoring the medical systems: reporting incidents, approving measures to implement etc.

Setting up a materials vigilance system plays an essential role in managing risk and improving safety and quality of care at every facility.

Supervisory authorities ensure materials comply with regulations, if applicable, during their annual inspections.

c. The Group has rolled out complaint management procedures. Managing risk of negligence or inadequate care coincides with managing risk of mistreatment or abuse: protocols for care and for how to track down actions are the primary ways to prevent and control how effective care is.

The Group has also taken out liability insurance.

d. Several departments (operations, medical, quality, purchasing, IT, training, legal etc.) are involved in rolling out tools and help to make medical treatment safer for patients and residents to control the risk of drug-induced iatrogenesis.

In every country where ORPEA operates, the Group has rolled out IT software with prescription, dispensing and administration information tailored to both the specific business sector and regulations. This sophisticated and scalable technology lets ORPEA quickly deploy extra safety measures to prevent any drug-related risk.

Best practices have also been introduced to round out medicinal safety mechanisms: receiving medications, storage conditions, preparation, expiry date management, batch recalls etc.

In addition to these medicinal safety mechanism control processes, every six months, every facility conducts a self-assessment of its medicinal safety mechanisms to identify potential risks and implement the necessary corrective actions. The support units also conduct external audits at the facilities.

To make sure these safety measures last long-term, the Group's quality department rolled out specific medical treatment incident reporting tools so everyone can file an incident report immediately. Every month, teams go over incidents that have taken place in a debrief to identify what caused the incident and fix the issue.

The ORPEA Group also trains its teams on all the tools available to make its medicinal safety mechanisms even safer.

e. Preventing risk of resident/patient wandering is a major priority and a key component of the best practices ORPEA Group has introduced. Every country ORPEA operates in has the following best practices included in their written procedures: upon admission, as part of the file created by the facility doctor or by the health supervisor when a doctor in attendance isn't required by law, residents/patients at potential risk for wandering are identified so they can be put in specially designed and secure units (called Special Care Units) or so appropriate monitoring measures can be set up (anti-wandering system). These measures are always discussed with the doctor, staff and the resident's legal guardian, safeguarding the resident's and patient's well-being, rights and freedoms.

Teams are trained on a daily basis to report any conduct that could be a sign of wandering risk. Any incident is immediately reported to management and care staff so more personalised measures can be put in place and the resident's living and care plan can be fine-tuned.

If a resident or patient goes missing, ORPEA Group has developed and applied very strict procedures at every facility that very quickly activates a structured plan for the search based on a detailed incident report (description of the resident/patient, what they're wearing, picture, former residence etc.).

f. Upon admission, the care team assesses the resident/patient's potential suicide risk by reviewing their past and/or current situation, signs of vulnerability, impulsiveness, individual, family and psychosocial factors. The care plan is then adapted to take the resident/patient's suicide risk into account. For individuals at risk, from that moment on, in addition to the requisite close monitoring, the care team (doctor, nurses, care workers, psychologist) introduces protective measures, devises an appropriate care plan that includes strengthening relationships with friends and family or projects that let the resident/patient build a future and/or other lifestyles.

   In any case, the resident/patient is cared for in a safe environment: limited window opening, no access to areas identified as "dangerous" for residents/patients, and dangerous objects are removed from their vicinity.

   In order to increase prevention within our facilities, the Group has launched initiatives ranging from suicide risk training to awareness raising campaigns for teams. Some facilities have appointed officers to disseminate best practices.

   In the event of a suicide, a procedure outlines best practices on how to manage the incident. Family and friends are immediately contacted and the facility's teams have a debriefing.

   Lastly, to help manage the most difficult cases, in 2009, the Group created an emergency psychological intervention unit comprising around twenty psychologists with special training in treating post-traumatic stress disorder who can come in for group and/or individual therapy within 24 hours after the event in France, Belgium or Switzerland. In other countries, subsidiaries can use specialised organisations or professionals from other facilities than the one where the incident occurred.

g. Meals not only have to be healthy, delicious and tailored to the resident/patient's particular dietary needs, but they have to comply with food safety standards as well. In all countries, food safety inspections in the kitchens are conducted based on the HACCP (Hazard Analysis Critical Control Point) approach. Internal procedures describe the process to follow and are grouped together in a best practices binder available in the kitchen.

   Monitoring the safety of products made is outsourced to an outside laboratory at regularly defined intervals. The goal is to verify and control the safety of products served to consumers and ensure that food safety rules as well as storage temperatures, cooking temperatures and meal distribution temperatures are in compliance. Sample collection is made with no notice by a technician appointed by the referenced laboratory.

   Assessments are conducted on a regular basis, both internally and by independent organisations, to control at least 250 criteria per year relating to food services. Quarterly audits of compliance with food safety practices round out the inspection. If a non-compliance issue is found, the catering department develops action plans.

In addition to all of these measures, every facility has a business continuity plan covering every situation, with different levels of response. This business continuity plan also includes an inventory and orders for the relevant equipment (masks, protective glasses, alcohol-based solution to cope with an epidemic, plus air conditioners and fans for heatwaves etc.) to help protect residents/patients and Group employees. The facility's crisis unit communicates with the national crisis unit, which in turn communicates with the Group crisis unit (consisting of the operations department, the medical department and the quality department), which coordinates measures regionally and compiles the information provided by local crisis units. This approach was tried and tested and its efficiency optimised throughout the public health crisis.

OPERATIONAL RISK: RISK ARISING FROM FACILITY SAFETY CONDITIONS

Description of risks

Keeping the people it looks after physically safe is a pre-requisite for any medical facility or nursing home. Every country or even sometimes region has different strict construction standards and requirements as well as external inspections on hygiene, the cold chain, food etc.

Due to the public health crisis and regulatory changes, the ORPEA Group continued to pursue its policy of strengthening health safety conditions at its facilities to limit the spread of the virus.

Thus, at 31 December 2020, the ORPEA Group had not been faced with any significant issue in terms of the security conditions at its premises. As a guideline, risk relating to the safety of premises may arise in different ways:

a. failure to comply with the increasing number and stricter regulations applicable to facilities open to the public;

b. a fire;

c. a contamination of hot water may lead to health issues such as Legionnaire's disease;

d. the non-potability of water;

e. inability by the infrastructure to guarantee optimal protection against climate-related risks (e.g., heatwaves, floods etc.);

f. inability by the infrastructure to contribute to limiting the spread of epidemics (circulation within the premises, twin rooms, etc.).

Despite measures put in place, which are described in more detail in the statement of non-financial performance, these risks could have an unfavourable impact on the Group's business, financial position, results of operation and outlook.

Risk management

A works budget is allocated each year by the Group works department and executive management to fully comply with regulatory standards. A works department established in each Cluster/Business Unit is responsible for building safety and maintenance operations. This involves:

- a prevention policy developed through training given to all employees;
- daily, weekly, monthly, quarterly, half-yearly, or annual preventative maintenance operations;
- remedial maintenance operations (repairs etc.);
- property audits and administrative and safety compliance audits.

a. The ORPEA Group pays close attention to compliance with safety standards at its facilities by maintaining an investment policy that ensures properties are maintained and repaired on a regular basis. At ORPEA, our priority is to ensure all facilities are high-quality, safe and comfortable locations. With its portfolio of facilities built or redeveloped recently, ORPEA possesses a consistent, homogeneous portfolio of assets that meet the most stringent regulatory standards and provide a level of comfort few in the sector can match.

A works department established in each country is responsible for building safety and maintenance. This process includes preventative maintenance and remedial measures that are part of a system assuring full traceability to identify the issue that has arisen, the action taken to mitigate it, the person responsible, and the date on which the action was completed.

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 regulations in force (fire safety, lift safety, electricity, gas, water etc.).

The ORPEA Group has also developed the necessary measures to mitigate asbestos-related risk and comply with regulations. These regulations can vary depending on the country, and especially depending on the year of construction of a building. Any facility with asbestos risk has undergone a diagnostic and asbestos removal work in accordance with regulations in effect.

Pursuant to applicable law, the ORPEA Group has had an authorised agency perform a set of radon tests at all facilities located in areas that could be potentially exposed to radon. If the risk is known, corrective measures have been taken to guarantee people in the facility's care are safe.

b. In terms of fire safety, Group facilities strictly comply with each country's applicable standards and perform maintenance quarterly, half-yearly or annually (on the fire safety system, smoke extraction system, fire doors, fire extinguishers etc.).

The Group has applied a prevention policy and is providing training to all Group 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 officer in compliance with the legal requirements in each country.

Safety instructions as well as evacuation maps are posted in every facility, indicating the exact path to take and the meet-up location outside.

Fire drills are regularly conducted at the facilities to verify how fast staff can react when the fire alarm goes off.

Lastly, and depending on a pre-defined frequency pursuant to each country's regulations, facility-wide fire safety audits are conducted by dedicated authorities.

c. Risk management related to hot water systems: ORPEA Group facilities comply with local recommendations for post-acute and rehabilitation hospitals. ORPEA has introduced a policy to prevent and control health risks associated with legionella. This policy is based first and foremost on maintenance best practices for water networks and at-risk installations. The ORPEA Group's works unit ensures that the hot water systems of all facilities are compliant and present no risks. It also verifies that water systems are maintained regularly and properly by the maintenance officer in each facility.

In the countries where regulations require it, ORPEA Group facilities constantly update a health certificate where all the facility's water management information is kept. On top of keeping this record, all facilities monitor temperatures at different points in the network on a daily basis.

In addition, legionella research analyses are conducted based on a schedule set annually.

The Group has also installed technical anti-legionella protocol at all facilities listing out all preventative and remedial maintenance and upkeep to be performed. A protocol for actions to be taken in the event of unsatisfactory findings has also been developed. It includes different steps per facility to take for treatment to ensure resident/patient and staff safety.

d. The ORPEA Group performs water potability analyses (bacteriological and physico-chemical analysis) to check drinking water quality for all the countries where the Group operates.

e. The ORPEA Group's facilities, wherever they are located, are equipped to cope with severe weather (severe heat, cold fronts, floods) that could potentially endanger the health of residents and patients.

The medical department has drawn up procedures and protocols (mobilising staff, hydrating residents, adapting diets etc.) that are applied across the Group's facilities, and staff training has been organised to guarantee the safety of ongoing care and well-being of residents.

All countries comply with the national and regional regulations in force.

All facilities have signed an agreement with a nearby hospital or clinic setting out arrangements for cooperating and in particular for caring for residents who are vulnerable in the event of a heatwave.

The temperature of the premises is checked weekly in every facility; cooled rooms have been installed (and are regularly serviced) in most of the Group's facilities, in addition to blackout blinds for the most exposed façades; some facilities situated in the hottest areas or where there is a regulatory requirement are fully air conditioned.

Moreover, preventive measures have been put in place at facilities at risk of other climate events, such as flooding. Each of the Group's facilities has drafted a Plan Bleu/Blanc, or Crisis Management Plan, which is activated to reduce the health consequences of a risk event as soon as weather alerts are issued.

3.5 Operational risks

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

Description of risks

This chapter covers the most significant HR risk identified in the risk mapping process. Labour issues are generally covered in the Statement of non-financial performance.

The quality, availability and commitment of employees play a key role in the Group's success, in particular given the current public health crisis.

Any failure by ORPEA to identify, attract and retain competent employees and train them in responsible behaviour, despite its hiring campaigns and the strategy to increase the Group's appeal, could materially affect its business development and results.

In fact, difficulties in hiring qualified care staff in some countries or staff turnover could significantly affect the organisation and disrupt the smooth running of the Group's facilities. At 31 December 2020, the Group had 68,891 employees with 80% under permanent contracts. There were 12,565 departures and 13,831 hirings. Nursing staff ratios vary greatly from country to country and even from facility to facility, depending on regulations and average care requirements. For example, in France, the ratio is around 65 full-time equivalents (FTE) per 100 residents in a nursing home and 95 FTE in a hospital facility per 100 patients as medical personnel needs (doctors, nurses, physiotherapists, etc.) are greater for the latter. Should hiring difficulties persist, it could have an adverse impact on the quality of care provided and an impact on costs.

All facilities must also be able to provide continuity of care and medical treatment for their residents or patients through an adequately staffed and appropriately qualified care team. Thus, a prolonged shortage of qualified care staff, if left unmanaged, could jeopardise the number of beds authorised or even the operating licence itself, as compliance with personnel standards applies to all subsidiaries.

Risk management

To deal with these risks, the Group has chosen to oversee mobility and recruitment more specifically by hiring dedicated teams for these tasks and by bolstering human resource management teams at both the Corporate level and at the Cluster and Business Unit level. The Group also introduced specially-designed action plans to identify and anticipate each Business Unit's recruitment needs. These action plans:

- specifically define hiring needs by subsidiary and by profile while taking into account development projects and the age pyramid;
- make sure our job offers are visible by using customised media based on needs and new means of communication (social networks etc.);
- develop mobility not only within the country but also between the Business Units of different countries. This involves developing employee loyalty within the Group by offering career development opportunities to those who want them;
- leading an energetic schools-relations policy for all countries. This would give our profession and Group added credibility and help us anticipate our needs by welcoming and training interns and work study students at the facilities;
- participate in job fair-type recruitment initiatives, job dating, medical conferences etc. that target the most in-demand positions, especially in rural areas, and develop local initiatives with employment partners;
- manage and oversee an active training policy, which the Group has led for several years, that develops skills and retains employees via several programmes such as language courses for job transfers, ESCP for promoting our talents or specialised degrees awarded to care teams in partnership with renowned universities;
- launch meaningful, morale-boosting and team-building projects for teams to help grow a motivating and engaging work environment;
- maintain employee dialogue to underpin the stability of teams within facilities.

COMMUNICATION RISK: RISK OF DAMAGING THE GROUP'S IMAGE

Description of risks

The Group's reputation may be harmed by events for which it is responsible. For the ORPEA Group, risks mainly arise from the care of residents, patients and individuals cared for in their homes, and also relate to ethics and corporate social responsibility. This risk is growing, especially due to changes in regulations and legislation (e.g. Sapin 2, GDPR, CSR) and societal expectations in general.

Moreover, the lack of awareness of the sector in which the Group operates and the major media coverage of the Covid-19 public health crisis and its real or assumed impact on facilities in the sector, exposes it to the risk of slander, unfounded allegations or lies that may damage its image or reputation.

Whether founded or not, criticism or allegations may be exacerbated by the speed in which information is spread due to the growth of social networks.

The risk of damage to the Group's image is considered to be serious in the area of care of vulnerable persons. Any deterioration in the Group's reputation may impact the trust-based relationship with patients, residents and individuals cared for in their homes and their friends and family and slow the Group's growth.

At 31 December 2020, other than the media coverage of the public health crisis which relates to the sector as a whole, there were no national articles or programmes that had a negative impact on the Group's image. On the contrary, in France for instance, ORPEA has a strong local presence, with more than 500 articles in 2020 in daily regional press mentioning facility organised activities and events. This demonstrates the facilities' deep local roots and the Group's ability to adapt to the unprecedented context of the public health crisis in order to maintain this relationship.

Risk management

The Group launches initiatives every day to encourage compassion and combat all forms of abuse and mistreatment. Employees are continuously made aware of and trained on the strict ethical rules that apply to the entire Group. Facility teams organise specific and targeted training sessions.

Group facilities also conduct satisfaction surveys with residents/patients and families. Results are analysed in-depth and communicated to each facility. Areas for improvement are identified, summarised and monitored using a single plan per facility.

Intensely aware of how important it is to comply with ethical principles and rules of professional conduct, the Group has opened an internal whistleblowing system for employees and external partners so they can report any suspected abuse or mistreatment or any breach of principles in general.

Additionally, each Cluster/Business Unit has a communication team that puts their local communication plan into action and makes sure that media spokespeople know the rules and respect them. Identified spokespeople receive regular media training.

A reputation management system monitors all types of media continuously to preserve the Group's image and brands. Each Cluster reports any information that could influence the Group's image to Corporate.

The Group and the Clusters have crisis management procedures that can be applied if necessary. They define ways to detect a serious event that could damage the Group's business and how to manage the event quickly and appropriately. The Group has rolled out an internal and external communication system to relay information to all stakeholders.

CYBERSECURITY RISKS

Description of risks

Like all businesses that use connected information systems, the Group, its suppliers and its subcontractors are exposed to cybersecurity risks. Despite the security measures implemented by the ORPEA Group, the risk remains high because the general view today is that cyber-attacks are becoming more and more varied and complex. Their frequency and severity are steadily increasing, too. This trend was accentuated by the Covid-19 public health crisis.

The Group detected the intrusion of a malware in its IT systems on 17 September 2020. Following this detection, the IT security teams took immediate action to secure the systems, isolate the affected servers (less than 1% of all servers) and temporarily shut down the entire network, thus preventing the spread of the malware. This voluntary shutdown caused disruptions to the IT systems, but did not affect the continuity of care and social interactions within the Group's facilities. External cyber security experts underlined the responsiveness and proper functioning of the existing security systems which meant that all backups remained intact and no data was destroyed or transferred.

This intrusion confirmed the overriding importance of efforts to combat cybersecurity threats, especially as the ORPEA Group has access to sensitive data (in particular medical and patient data). This data is crucial for safeguarding the care and treatment of patients and residents. Although the Group successfully limited the impact of the September intrusion, it remains vigilant as, depending on the type of attack to which it could be subject, the Group could face a range of consequences such as loss or theft of personal, confidential data, and the resulting knock-on effects, failures in the main operating systems and the inability to carry out daily operations.

Therefore, any malfunction, system shutdown or loss of data as a result of any malicious cyberactivity could have a major negative impact on the Group's activity, financial position, results and outlook.

Risk management

Given the proliferation of increasingly innovative cyberattack techniques, the ORPEA Group constantly adapts and refreshes the resources it uses for prevention and detection purposes. The September 2020 intrusion strengthened the Group's decision to continue to introduce high standards in terms of security, and the main measures implemented focus on:

- the regular update of security tools (multi-factor authentication, laptop encryption, security risk assessments, monitoring by the security operation centre, monitoring of emails, antivirus updates, IT patching, etc.);
- active vulnerability monitoring: monitoring of the latest attacks, cybercrime threats (ransomware, CryptoLocker and Crypto Wall) and drafting of an action plan, if necessary;
- incident tracking to safeguard the information system security and design effective remedial measures;
- security audits to assess existing measures;
- regular awareness-raising campaigns intended to reach 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 allow applications identified as critical to restart within an acceptable time frame in the event of a major issue which impacts the systems.

Lastly, the Information System Security governance framework is based on the ISO 27001-certified information security management standard. The Group also obtained the Health Data Hosting (*Hébergeur de données de Santé* – HDS) certification. Information system and cybersecurity risks were mapped in 2019 as part of this certification process and were updated in 2020.

INFORMATION SYSTEM RISKS

Description of risks

Information systems play an important role in ORPEA's operations. As described in the section dedicated to cybersecurity risk, the Group suffered a major malware intrusion in its IT systems in 2020 that affected the availability of its information systems.

Moreover, in a context of increased digitalisation, accelerated by the public health crisis which has increased the dematerialisation of communication, challenges relating to the suitability of technologies to users' needs (either employees, patients, residents, families or individuals cared for in their homes) have become crucial. Lockdown measures and visiting restrictions led to social interactions and the related means of communication being reviewed in-depth. This period therefore helped drive the roll-out of the new technologies and service offerings on which the Group had been working (remote consultation, professional and family video conferences, etc.).

In addition to these elements, it remains important to continue to apply a strong innovative strategy to differentiate the Group from other sector players and this includes actively monitoring innovation and allocating investment budgets to information systems to ensure it follows market expectations as closely as possible and thus avoid the risk of obsolescence.

Risk management

In addition to the cybercrime factors referred to above, the ORPEA Group allocates a significant investment budget to the information systems department in order to maintain the best market standards in terms of systems and infrastructure.

Moreover, the Group has introduced a flexible organisation for the information systems department so it can respond and adapt rapidly to business needs and technological advances. Under this organisation, which puts user satisfaction at the heart of its strategy, teams have been remodelled into start-up-like units. Where appropriate, the Group designs and introduces bespoke tools tailored to its needs. Each system reflects a desire to unlock greater efficiency and performance gains. For example, to protect the health of patients, residents and employees during the pandemic, the Group rapidly rolled out tools to monitor the health situation of each facility in real time and thus adapt decision making accordingly.

Mindful that the requirements of the future are already taking shape today, ORPEA does not simply monitor advances in technology, but puts innovation at the centre of its strategy. For this purpose, it has established an innovation unit consisting of specialists who plan ahead for and develop the tools of the future, such as telemedicine.

3.6 Legal and compliance risks

COMPLIANCE RISK: RISK RELATED TO MANAGING PERSONAL AND MEDICAL INFORMATION

Description of risks

Risks arising from data collection, hosting and access are clear priorities given the increasing trend towards the digitalisation of the data held on the Group's systems. Insecure or unauthorised data access may, for example, lead to leaks of medical or personal data, which could have significant ramifications for patients, residents and for the Group. At 31 December 2020, the Group had not experienced any medical data breaches despite the malware intrusion on 17 September 2020.

As the Group manages healthcare data, any shortcomings in the implementation of the security measures required for its protection could expose ORPEA to non-compliance risks and regulatory fines. A lack of appropriate governance and a failure to standardise practices would constitute mitigating factors should such a risk arise. Moreover, as a large share of this data is hosted at the information systems level, a lack of coordination between the Data Protection and cybersecurity teams could affect the protection of personal and medical data.

All of these factors must be handled in accordance with General Data Protection Regulations (GDPR) or in compliance with local regulations when GDPR does not apply. In this regard, the data protection unit monitors the implementation of the Group's data protection policy. The Group is committed, in particular, to only collecting the data necessary for patient and resident care and ensures that it informs them of their rights and responds to any request to exercise their rights.

Risk management

The Group has always made data security and confidentiality a strategic priority and formed a data protection unit well before GDPR took effect. Accordingly, it has laid down and implemented strict security rules to safeguard data integrity, availability, traceability and confidentiality, including during its 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 activities.

Specialised companies, external auditors and the Group internal audit function 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's staff, etc.

It tightened its data protection policy further in May 2018 when the General Data Protection Regulation (GDPR) was introduced. A Data Protection Officer (DPO) responsible for managing all the relevant GDPR obligations Group-wide was appointed. In terms of governance, the data protection department reports to the audit, risk and compliance department to ensure its independence and improve interaction with internal control and risk management. Moreover, the Group DPO can call on a network of internal and external coordinators in the Clusters/Business Units who put the 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 addition, 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 road map and makes any decisions where necessary.

Finally, during H1 2021, the Group will publish a Data Protection Compliance Statement on its website which summarises ORPEA's commitments on this subject.

COMPLIANCE RISK: RISK OF VIOLATING THE GROUP'S ETHICAL PRINCIPLES AND EFFORTS TO COMBAT CORRUPTION AND INFLUENCE PEDDLING

Description of risks

Ethical conduct and integrity are crucially important to ORPEA. Like any decentralised international business with over 68,000 employees in 23 countries, the Group may be exposed to breaches of its Code of Conduct by one of its employees or stakeholders. Aside from any penalties it may incur, these breaches could damage the Group's reputation and have a detrimental impact on its activity, financial position, results of operations and outlook.

Moreover, ORPEA is expanding in countries, such as Brazil, where the risk of corruption is considered much higher than on its core markets. This could thus expose employees to new sources of risk that the Group needs to identify in order to guard against them. Moreover, the Group's activities involve building relationships with public authorities and civil servants, as well as with health professionals (doctors, pharmacists, etc.) in every country in which it operates. In light of this, the Group may incur penalties unless it meets all the requirements imposed by the Sapin 2 law, particularly the anti-corruption component, and the requirements of local regulations in force. With an eye on these changes as they pertain to the Group's growth and to new regulations, the Group has created a compliance department tasked with introducing and leading efforts connected to the Sapin 2 law and analogous local regulations.

The public health crisis has been an opportunity to test the processes implemented by the Group in terms of the verification of third parties with which it comes into contact. The shortage of personal protective equipment which affected all businesses required greater sourcing agility by the Group. The Group therefore found itself more exposed to the risk of non-compliance due to the increase and diversity of new third parties to be controlled.

Risk management

The executive management team has always voiced its "zero tolerance approach" towards corruption and influence peddling. This vision has given rise to a compliance programme, with various components incorporated in the internal control framework and implemented by a dedicated unit.

Group executive management equipped the compliance department with the resources needed to roll out ethics policies to all Group entities. A network of compliance officers in the Clusters ensures that local rules are disseminated and followed – especially those related to the Group's standards of business integrity.

Since 2018, the Group has focused on introducing a set of compliance-related efforts. To keep pace with changes in market practices and regulatory requirements, a new risk mapping specifically dedicated to corruption and influence peddling risks will be launched during Q1 2021 with the support of a leading international firm in order to benefit from best market practices (other risks are covered by the Group's risk mapping).

The Group makes training and employee awareness-raising campaigns an integral part of its anti-corruption policy and overall ethics principles. The Group's senior managers are trained and they in turn distribute the rules to teams, drum up support and ensure they are followed. The ethics principles are mainly reflected in the quality charter, the Staff commitments charter and the Group Code of Conduct.

In 2018, the Group launched a voluntary training policy to disseminate the principles of the Code of Conduct. This Code is therefore available in French and English on the Group's corporate website to facilitate its distribution in a fully transparent manner. It was also presented to the management of all geographical regions for adaptation to local regulations and translated into all languages in which the Group operates. The Code of Conduct is rolled out to all Group employees, starting with the executive management team, the manager of each geographical region and the central functions. Regional managers and facility managers are also targeted. Facility managers are responsible for promoting it within their facilities. Several communication tools have been designed and adapted to each audience for this purpose. E-learning modules were therefore launched within the Group, in particular in France, Spain, Portugal and Austria. For example, the module developed in France during 2020 (roll-out during 2021) is aimed at all employees both at head office and in the facilities. The following subjects are covered: "Preventing conflicts of interest and managing gifts and hospitality", "Banishing all forms of corruption" and finally "Conducting the Group's sales relations in an impartial and loyal manner". The Group then intends to develop two or three additional principles every four months, to maintain the programme and continue to regularly raise awareness among employees. 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 representative, are regularly organised. At the end of 2020, a total of more than 20,500 people had thus taken part in these training courses since the Code of Conduct roll-out began in 2018.

In June 2018, a general whistleblowing framework for (internal and external) employees and third parties was introduced, providing them with a mechanism for sounding a warning about breaches of the Code of Conduct, especially those concerning fraud, corruption and conflicts of interest. To broaden awareness of the tool, the site was presented in greater detail in the face-to-face training concerning the Code of Conduct. The audit, risk and compliance department has established arrangements to facilitate data reporting. At year-end 2020, five incidents were reported and none involved corruption.

At the same time, the Group's revised gifts and hospitality policy was circulated to all geographical regions in late 2018. The policy was harmonised and adapted at each geographical region in 2019. In the interest of simplification and to maintain the highest standards, an update was launched at the end of 2020, in particular, of the France policy. This was to take into account the new anti-gift act applicable to Healthcare professionals. This process aligns with the Group's active and tough anti-corruption and influence peddling policy. In concrete terms, the gifts and invitations policy aims to provide a framework for relationships between the Group's employees and third parties, such as business partners, authorities (civil servants, government representatives) and healthcare professionals.

As part of its ethical approach, the Group has introduced a conflict prevention and management guide. This guide presents the notion of conflict of interest in an educational manner and illustrates it with practical examples. The guide also contains a conflict of interest declaration form. This annual declaration is mandatory for the functions listed below (even where there is no conflict of interest) and optional for the other functions that are considered as less exposed. The launch is planned as follows:

- stage one was launched in 2020 targeting members of the Group's executive management as well as the CEOs of the geographical regions and all the audit, risk and compliance department teams;
- stage two will be launched in 2021 and will target all department heads at the Corporate level and in the geographical regions as well as employees in the following functions: growth and development, real estate and construction, purchasing and catering;
- stage three will also be launched in 2021 targeting regional managers and facility managers.

Alongside the measures already implemented by the purchasing and legal departments, the compliance department also launched a process of identifying and evaluating significant existing third-party partners. The development, works, purchasing 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 due diligence compliance questionnaires. Action plans were then implemented based on the responses provided. For new third parties, the arrangements are based on internal control and strict approval procedures before each geographical region/Business Unit enters into a relationship. Accordingly, an integrity verification process is conducted using dedicated tools such as Lexis Nexis 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). For example, a formal due diligence process takes place before any new acquisition goes ahead. Due diligence processes are carried out with the support of local compliance officers and cover, for the most part, the verification of the integrity of strategic third parties (such as first-tier suppliers and general contractors) and third parties related to development operations (intermediaries, vendors).

LEGAL AND REGULATORY RISK: RISK RELATED TO THE AWARD AND RENEWAL OF OPERATING LICENCES

Description of risks

A licence is needed to operate a nursing home or medical facility in France, as in most of the other countries where the Group operates. These licences are issued by the relevant authorities, specific to each country (Regional Health Agency and/or local authority in France, Local Health Administration in Italy, the autonomous communities' social services in Spain, groups of municipalities in Belgium etc.). The ease with which such licences are obtained varies with the national and regional regulations.

In some countries, such as France, Belgium and Austria, obtaining such licences depends directly on the quota of beds planned by the relevant authorities. The number of new licences issued in the above-mentioned countries is closely controlled and limited by the public authorities to control spending.

Other countries, such as Germany, have not established such barriers to entry. However, the authorities require compliance with architectural, safety, quality, staff and other standards before issuing a licence.

Licences are awarded either for an indefinite period – in some regions of Belgium (Wallonia), Switzerland, Austria or Spain for instance – or for a fixed term of five to 15 years in France.

To maintain or renew their licences, they usually have to undergo procedures that assess and check their service quality. Depending on the country, these procedures are carried out by either the national or regional supervisory authorities.

At 31 December 2020, intangible assets and goodwill had a total net value of €3,768 million (€2,469 million for intangible assets and €1,299 million for goodwill). These intangible assets and goodwill represent facilities' operating licences. In some countries, like France, Belgium, Italy, Spain, Switzerland, Austria, Poland and the Netherlands, licences are highly regulated and limited by the governments. They are measured at around 100% of annual revenue. In these countries, the Group cannot open or operate a care facility if this licence is not granted. In France, for instance, these licences are of great value because the government has not granted many new licences at all over the past six years. These values are subject to impairment tests. In other countries, like Germany, the number of licences is not restricted. The right to operate a nursing home is left to the relevant authorities' discretion.

Not renewing an operating licence is extremely rare and has never happened to the ORPEA Group in any country where it operates. An operating licence may not be renewed if a significant breach of standards is identified. Licences may even be withdrawn by the supervisory authorities where serious misconduct occurs.

Risk management

Generally speaking, the operating licences granted to the ORPEA Group's facilities have never come under any threat given the internal control and meticulous monitoring processes implemented by its various departments and support units (quality department, medical department, operations departments, works, purchasing, 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 audits performed by support units, help the ORPEA Group to guard against the potential risk of operating licences not being granted or renewed.

LEGAL AND REGULATORY RISK: RISK RELATED TO PRICING POLICIES

Description of risks

In some of the countries where the ORPEA Group operates, the pricing schedule applied by facilities has two 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 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 may be regulated (including in France, Belgium, Austria and Germany) subject to an inflation-linked cap, at least for existing residents. By contrast, pricing is not subject to any regulations for all new residents or patients in France and Switzerland.

In France, the portion of the Group's services that the patient pays for may increase if social security reduces their reimbursement amount or if private healthcare insurers reduce coverage or increase premiums. As a result, individual decisions to reduce personal spending or the risk for patients to pay higher private supplemental health insurance premiums could lead to reduced demand in comfort spending. A general decrease in prices may have an adverse effect on the Group's activity, financial position, results and outlook.

Risk management

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

In addition, the Group has always focused on countries where a significant portion of its revenue, and crucially its profits, 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 certain countries, the Group has developed a completely private offering that does not receive any public funding. That applies in Spain, Poland, Portugal, Brazil and China.

3.7 Financial risks

RISK ARISING FROM RAISING ADDITIONAL FUNDING

Description of risks

Raising funding is a key challenge to support the Group's growth and, as is the case for all market players, ORPEA is exposed to changes to its market. ORPEA can therefore provide no assurance that it alone will be able to obtain the financing it needs for its expansion, and particularly that market conditions will be conducive to raising funds as equity or debt when it needs it.

Risk management

Since 2012, ORPEA has greatly diversified its funding sources beyond just banks by carrying out various market transactions:

- private bond placements with French institutional investors (insurance companies and mutual insurance groups). In 2020, ORPEA issued a total of €272 million in private bonds with seven to 12-year maturities;
- several Schuldschein note issues in the German market, bought by a wide variety of European and Asian investors. In 2020, ORPEA and its subsidiaries issued a total of €224 million in Schuldschein notes or NSV;
- in 2018, the Group issued its first-ever bond on Euronext Paris. It had a 7-year maturity and totalled €400 million, tapping into a whole new pool of credit investors;
- in 2019, the Group issued €500 million in convertible bonds (OCEANEs) with an eight-year maturity.

The ORPEA Group has also regularly continued to take out financing with a growing number of banks in recent years considering ORPEA's geographical diversification.

Lastly, the Group's cash totalled €889 million at 31 December 2020.

Moreover, ORPEA's banking partners are confident in the Group due to the excellent visibility over its future cash flows, which are not particularly affected by the current economic crisis.

Furthermore, ORPEA has a flexible financial structure, with covenant ratios well below the authorised limits.

RISK ARISING FROM THE GROUP'S DEBT

LIQUIDITY RISK

Description of risks

The Group may be faced with difficulties in terms of the diversification and optimisation of its financial structure.

Nevertheless, the ORPEA Group takes advantage of the record low level of interest rates and the strong interest it has attracted from banks and credit investors. The Group has spread its loans across a wide range of banking institutions. Maturities for the Group's financing are well staggered over the years to come.

Financing agreements signed by the Group generally include covenants, early repayment mechanisms and, in certain cases, asset-backed guarantees. These restrictive clauses had not been activated at 31 December 2020. The restrictions included in the Group's financing may affect the Group's ability to operate and limit its capacity to react to market conditions or benefit from commercial opportunities that may arise. For example, these restrictions could affect the Group's ability to finance commercial investments, carry out acquisitions or strategic investments, or finance its capital requirements. Moreover, the Group's ability to comply with these covenants could be affected by events beyond its control, such as economic, financial and industrial conditions.

The Group must continue to offer an attractive risk profile to lenders and thus manage its financial debt (operational and real estate) and have liquid assets to match its growth map.

(in thousands of euros)	31/12/2020	Less than one year*	More than one year
Bond debt	1,461,260	(3,373)	1,464,633
Finance leases	882,779	188,380	694,399
Bridging loans	497,171	47,631	449,540
Other financial debt	4,701,201	823,151	3,878,048
Cash	(888,836)	(888,836)	-
TOTAL NET DEBT*	**6,653,574**	**166,954**	**6,486,620**
Current liabilities IFRS 16	*266,285*		
Non-current liabilities IFRS 16	*2,720,246*		

* *Of which liabilities associated with assets held for sale.*

At 31 December 2020, the Group's net debt totalled €6,654 million (including €497 million in bridging loans, repaid using the proceeds from the disposal of assets held for sale).

Risk management

The Group may be faced with difficulties in terms of the diversification and optimisation of its financial structure. Nevertheless, the ORPEA Group takes advantage of the record low level of interest rates and the strong interest it has attracted from banks and credit investors. The Group has spread its loans across a wide range of banking institutions. Maturities for the Group's financing are well staggered over the years to come.

Bonds issued in 2018 are redeemable in 2025 and any convertible bonds (OCEANEs) that are not converted will be redeemable in 2027. In 2019 and 2020, the Group decided to refinance a part of its Schuldschein repayments early.

The Group still has financial flexibility to allow it to pursue its real estate and operational investments. Its debt ratios are still below the maximums authorised by covenants. At 31 December 2020, they were as follows:

- financial leverage restated for real-estate assets[1] = 3.4x (restated for IFRS 16) (authorised level of 5.5x);
- gearing[2] restated 1.6x (restated for IFRS 16) stable compared to 2019 (authorised level up to 2.0x).

Taking into account the impact of IFRS 16 on EBITDA, at 31 December 2019, real-estate assets came to 1.5x for restated financial leverage and 1.6x for restated gearing.

During the financial year ended 31 December 2020, the Group continued to streamline its ownership structure by setting up additional hedges and various types of loans. Due to these efforts:

- loans other than bank loans, mortgages and property leases accounted for 50% of net debt at 31 December 2020;
- the average duration of net debt was 6.2 years at 31 December 2020;
- fixed rate net debt, by type or after hedging, accounts for nearly 100% of the total for the 2021-2025 period.

(1) (Net financial liabilities – Real estate debt)/(EBITDA – (6% x Real estate debt).

(2) Net debt/(mutual funds + mutual fund equivalents).

INTEREST RATE RISK

Description of risks

Most of the Group's debt consists of domestic debt carrying floating interest rates, and so it is also exposed to the risk of an increase in interest rates in the euro zone. After hedging, most of the debt became fixed rate.

At 31 December 2020, the Group's debt net of cash breaks down by maturity as well as fixed and floating rate as follows:

(in thousands of euros)	31/12/2020	Fixed rate (after hedging)	Floating rate (after hedging)
Bond debt	1,461,260	1,461,260	
Finance leases	882,779	882,779	
Bridging loans	497,171	497,171	
Other financial debt	4,701,201	4,435,589	265,612
Cash	(888,836)	(888,836)	
TOTAL NET DEBT	**6,653,574**	**6,387,963**	**265,612**

Risk management

The Group's strategy is to hedge almost all of its consolidated net debt against interest-rate risk. To do so, the Group uses a portfolio of financial instruments in the form of interest-rate swaps, under which it mainly receives three-month Euribor and pays a fixed rate specific to each contract, and interest rate options (caps etc.).

At 31 December 2020, the amount of hedges stood at €3,528 million.

The portfolio is comprised of fixed-for-floating (mainly 3-month Euribor) interest-rate swaps and interest-rate options.

ANALYSIS OF SENSITIVITY TO FLUCTUATIONS IN INTEREST RATES

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

- the amount of floating-rate debt net of cash via fluctuations in interest rates;
- changes in the fair value of hedges.

The fair value of its hedging instruments is sensitive to changes in interest rates and volatility trends. Volatility is assumed to remain unchanged for the purposes of this analysis.

At 31 December 2020, Group net debt amounted to €6,654 million, of which about 43% was originally contracted at fixed rates, and the remainder at floating rates.

Including the impact of hedging arrangements:

- a 1% (100 basis point) rise in the yield curve would decrease the Group's financial expense by €3.3 million (before tax and capitalisation of financial expenses);
- a 0.1% decrease (10 basis points) would increase the Group's financial expense by €1.9 million.

4 STATEMENT OF NON-FINANCIAL PERFORMANCE

The Statement of non-financial performance presents the ORPEA Group's corporate social responsibility (CSR) strategy in accordance with the new 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 business model and principal non-financial risks and also the policies it has implemented to address them and the results obtained by each of these policies. This chapter also presents the Group's ambitious policies and action programmes, in addition to the principal risks identified.

4

STATEMENT OF NON-FINANCIAL PERFORMANCE

4.1 Business model

To meet the demographic and health-related challenges arising from the ageing of the population and shifting trends in pathologies, ORPEA aims to provide a full spectrum of suitable and diverse care solutions. They are tailored to meet the needs of populations in the areas in which ORPEA operates and uphold the essential values for providing this care — well-being, ethics and safety (see Chapter 1 Presentation of the ORPEA Group and its markets).

By harnessing the resources and working with the stakeholders participating in the Group's 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.

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

To maximise its value creation, in 2020, ORPEA defined CSR objectives for 2023, which are presented in Chapter 4.2.2.

In the notes to this statement of non-financial performance, ORPEA's contribution to the United Nations Sustainable Development Goals is presented.

RESOURCES AND STAKEHOLDERS

HUMAN CAPITAL AND STAKEHOLDERS

- **68,891 employees** in **23 countries**
- **82% women** in the workforce
- **Organisation structured** by geographical region
- **Regular dialogue** with all stakeholders: residents and patients, family and friends, employee representatives, employees, supervisory authorities, local communities, etc.
- **A collaborative network** of partners (suppliers, medical and paramedical partners, local authorities, start-ups, etc.) allowing for a response at any level, from local to international

INTANGIBLE CAPITAL: EXPERTISE

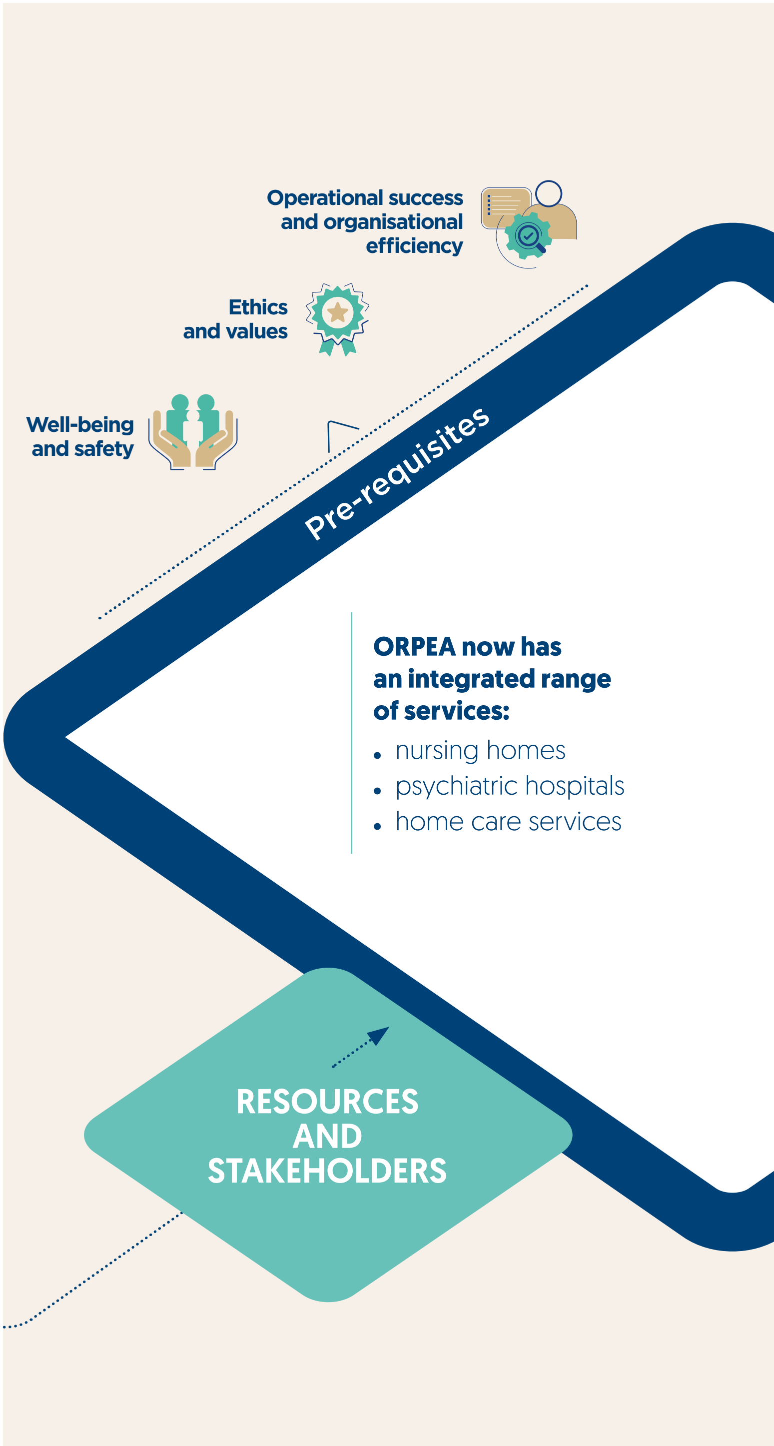
- **More than 30 years' experience** in providing long-term care
- **Quality procedures**: at least 200 criteria monitored on an ongoing basis
- **Crisis management protocols** (Covid-19, flu, heat waves, etc.)
- **Major capacity for innovation** via a Group-level innovative projects management committee

PHYSICAL CAPITAL: REAL ESTATE AND EQUIPMENT

- **€6.8 billion** in real estate assets
- **1,114 facilities** with a total of over **111,000 beds** as of 31/12/2020
- **Advanced 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 Highly Dependent people

FINANCIAL CAPITAL

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



ORPEA'S CORE BUSINESS

Looking after people with physical or mental health conditions impairing their independent living skills by providing them with the essential care they require for their well-being and respecting their individuality

- senior assisted-living facilities
- post-acute and rehabilitation hospitals, including both inpatient and outpatient care

IMPACT
Value creation over the long term

Fundamental trends

Digital transformation

Increase in neurodegenerative diseases

Population ageing substantially

VALUE CREATION

WELL-BEING AND SAFETY OF RESIDENTS AND PATIENTS

- Support for **250,000 patients and residents** per year with varying levels of long-term care requirements
- Resident satisfaction survey: **92% satisfaction rate** and **95% recommendation rate**
- **61% of facilities have an external certification**
- **Protection of the most vulnerable individuals during a crisis while respecting their dignity**

EMPLOYEE DEVELOPMENT AND INCLUSION

- **10 training hours** per employee per year
- **65% of senior management-jobs held by a woman**
- Over **8,000 employees on apprenticeships and work/study programmes**
- Diverse age profile: **10% of employees are under 25** and **19% are over 55**

CONTROLLING THE ENVIRONMENTAL FOOTPRINT

- **Programme to reduce energy and water consumption**
- **Programme to reduce CO_2 emissions:** use of renewable energies
- **Waste management and fight against food waste**
- **Responsible purchasing policy**

COMMUNITY-DRIVEN, OUTWARD-LOOKING FACILITIES

- **Recruitment and creation of local jobs that cannot be transferred abroad**: **around 14,000 new hires** in 2020 in 23 countries
- **Cooperation with all local public- and private-sector healthcare players and integration into health systems**
- Participation in **scientific research: 17 scientific articles** published
- **Strong local presence:** local solidarity programmes (open days, advice for caregivers, collaboration with local associations)

RESPONSIBLE AND SUSTAINABLE PARTNERSHIPS

- Responsible purchasing policy
- Open innovation policy: **108 active projects** in the area of innovation

BUSINESS SUSTAINABILITY

- Revenue: **+18% average annual growth** over the past 15 years
- Net profit attributable to ORPEA's shareholders (excluding IFRS 16): **+14% average annual growth** over the past 15 years
- **Stable governance framework**: two Chief Executive Officers in the past 30 years and Executive Committee members with an average length of service of 15 years

2020: A YEAR OF HEALTH CRISIS THAT SHOWED THE RESILIENCE OF THE ORPEA MODEL

The year 2020 was marked by the management of the Covid-19 health crisis, which mobilised all of the Group's human, financial and logistical resources to support the field teams on a daily basis. This pandemic of course had an impact on ORPEA's activity to varying degrees depending on the level of the crisis in the countries where it is present. However, the following areas were particularly affected:

- Social life within the facilities had to be totally rethought in order to apply barrier and social distancing measures, and it was necessary to reinvent how events and entertainment were conducted, with individual, remote or small group arrangements, and how therapeutic workshops and care on technical rehabilitation platforms were organised, so that continuity of care could be reconciled with everyone's safety. Similarly, the organisation of facilities was adapted to the context so that Covid units that allow for medical isolation measures whenever necessary could be created. This unprecedented environment generated highly emotional care situations, and required the teams to pay more attention to the psychological state of residents in order to preserve their mental balance. Accordingly, protocols for the care of residents and patients were continuously adapted in conjunction with the local health authorities.
- Faced with this context which, depending on the epidemiological situation in each facility, could result in temporary absences of staff due to self-isolation measures, the HR teams, along with the medical department, the quality department and the operations department, were mobilised to support the teams in managing this health crisis as close as possible to the needs in the field. Efforts were focused on training related to hygiene (wearing of masks, maintenance of premises, etc.) and the appropriation of new treatment protocols reviewed by the medical teams, and to the impact of the Covid crisis to prevent psychosocial risks. The psychology department was also at the forefront, providing a counselling line which is still open to all employees to this day. On the contrary, actions relating in particular to training (excluding subjects directly linked to the management of the crisis) and to employee career development were postponed.
- The purchasing teams were very active so that facilities could be supplied with personal protective equipment (masks, gowns, gloves, etc.) as quickly as possible and in sufficient quantities, and anticipation of the building of stocks and filling of orders made it possible to ensure a constant flow from the beginning of March for all facilities, thus promoting a feeling of safety for the employees, the residents/patients and their families.
- The policies of solidarity and openness to the outside world, which are normally expressed through the organisation of events on site, have been largely suspended given the barrier measures applicable within the Group's facilities, while at the same time, cooperation with local healthcare providers was strengthened in all regions, and accounts of acts of solidarity by the local population towards employees involved in the day-to-day care of residents and patients have multiplied, illustrating the place of each facility in its region.

Throughout this health crisis, ORPEA has demonstrated the robustness of its model through:

- **A highly operational Group structure** which, from the start of the crisis, enabled the creation of crisis units at all levels of the company: corporate, geographical area, country, region, facility, mobilising all functions essential to managing the crisis. The organisational structure put in place made it possible to identify any problems encountered in the field on a daily basis, analyse them and provide concrete responses to facilities every day. It has shown its effectiveness in the development and dissemination of new health protocols, hygiene training, the provision of personal protective equipment for residents/patients and employees alike, the monitoring of actions taken and, finally, the support of teams at the highest level for all employees.
- **Proven experience in the deployment of training** for all employees through mini-training sessions, robust measures that ensure that employee practices are perfectly in line with the needs of the facility and the residents/patients, and through the support of experts in the field (in-house trainers, care workers specialising in hygiene, etc.).
- **For many years, experts in quality, hygiene, medicine and psychology** have been in place and, through their skills and experience, have been able to support the teams in the field, both technically (audits, training, assistance in implementing strict sanitary measures) and psychologically (implementation of a helpline, intervention by the psychological unit, training for managers, etc.).
- **A capacity for innovation** that has made it possible to implement innovative solutions within facilities to promote flexibility and ensure continuity of care and social ties, such as remote consultations and communication tools with relatives and families (videoconferencing, dedicated applications, etc.).
- **A strong culture of ethics** that has enabled employees to deal with unusual work situations. The corporate medical department has also conducted a survey of healthcare workers in seven countries with the aim of accurately measuring the impact of the first wave of Covid-19 in terms of breaches of the ethics usually recommended. The results of this survey will contribute to the development of discussions of ethical issues.
- **Ongoing dialogue with local stakeholders**, families and local authorities to provide maximum transparency on the situation within facilities. The strong ties built locally with hospitals have also allowed for the establishment of effective cooperation in the care of people with Covid.
- **A collective strength** underpinned by solidly rooted values of solidarity within teams. The commitment of the teams was exemplary, as evidenced by the number of applications submitted for the Excellence Awards, an internal initiative to highlight the most outstanding care initiatives, and by the projects carried out to maintain life in facilities that were recognised as part of the "1,000 Smiles" initiative. This tremendous commitment from the teams enabled life to continue despite the health crisis.

4.2 Strengthening CSR commitments

4.2.1 A STRATEGIC POSITIONING

The Group's mission is to support vulnerable people on a daily basis. The increase in life expectancy and the rise in the number of neurodegenerative diseases among the population make ORPEA a key player in the management of these vulnerabilities.

Aware of this responsibility, the ORPEA Group has made corporate social responsibility (CSR) one of the Group's strategic priorities by making it a core concept of its activities. From this perspective, the creation of a CSR and Innovation Committee at Board level demonstrates the Group's desire to strengthen its commitment to corporate social responsibility. It is also in this context that ORPEA joined the United Nations Global Compact in 2020.

THE GLOBAL COMPACT
WE SUPPORT

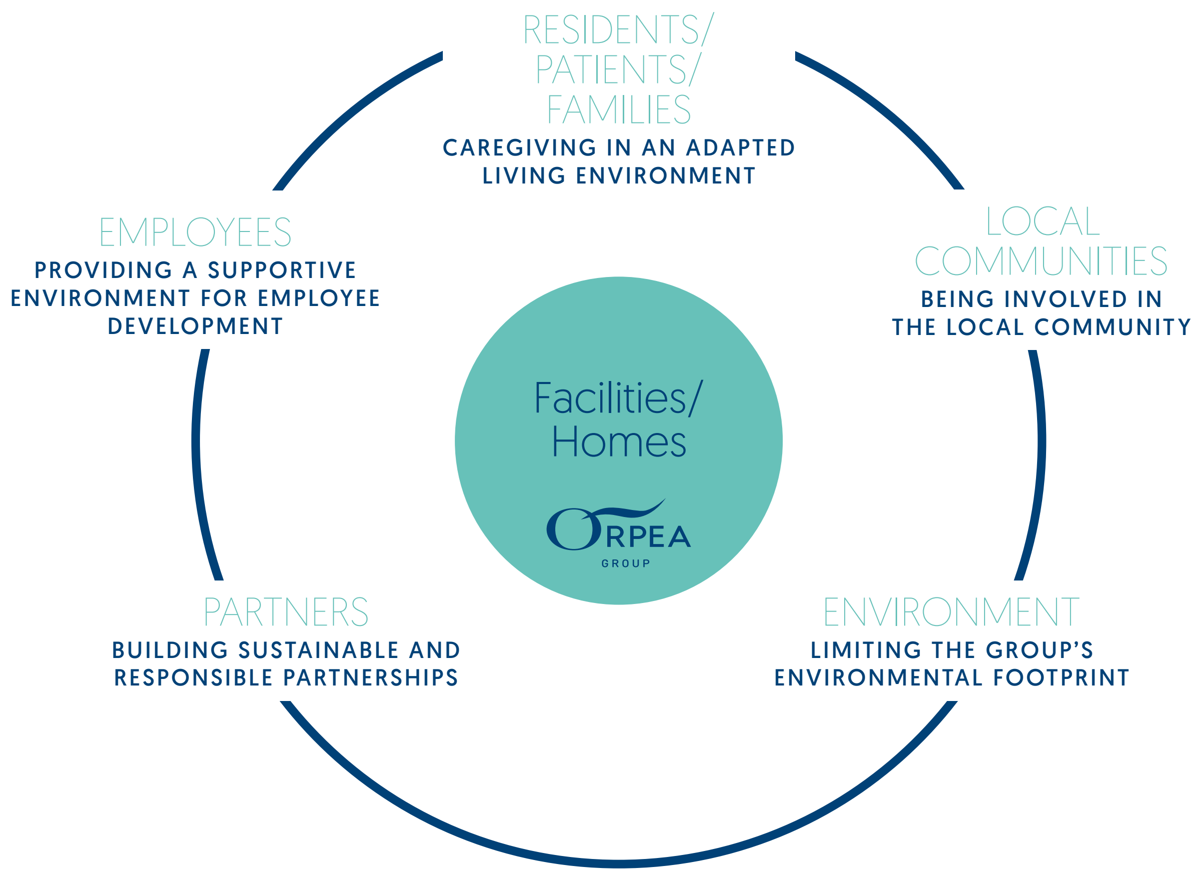
By virtue of its mission, ORPEA is naturally at the centre of an ecosystem that serves people:

- with its patients and residents, by taking care of them with humility, benevolence, loyalty and professionalism, which are the Group's cardinal values;
- with its employees, by enabling them to develop and grow professionally and personally;
- with its partners, by building sustainable and responsible partnerships;
- in facilities that are more virtuous in terms of environmental impact;
- with local communities, by forging links and cooperating to make regions more inclusive and supportive.

ORPEA wants this ecosystem to be open, lively and communicative, facilitating interactions and interconnections with all stakeholders at all levels, from local to global.

ORPEA thus reaffirms its commitments to its stakeholders, which take the form of policies, action plans and objectives applied locally.

■ **ORPEA commitments to each stakeholder**



4.2.1.1 STRUCTURING OF THE PROCESS

In the wake of the diagnostic carried out in 2019 by PwC, ORPEA has continued its work to structure its CSR strategy by taking the following stages:

- definition of measures for each stakeholder to address all CSR issues on which ORPEA is expected to act, give clarity to the measures both internally and externally, and place dialogue with its stakeholders at the centre of CSR policies and actions;
- identification of priority issues for each stakeholder with the affected business lines (Human Resources, Quality, Works, etc.) through thematic workshops based on risk mapping, benchmarks, questions from non-financial rating agencies and investors, and documentary analyses;
- determination of objectives associated with priority issues to define an initial roadmap for 2023 jointly crafted with teams, especially the management teams, from the various geographical regions. This roadmap is the first pillar of ORPEA's CSR strategy and will be enriched over the years to take into account changes in the expectations of internal and/or external stakeholders and updates to the risk map.

In 2020, CSR governance was also established (see below). CSR criteria have been integrated into the bonus payments of ORPEA's management (administrative headquarters and geographical regions).

4.2.1.2 FULL INTEGRATION OF CSR INTO CORPORATE GOVERNANCE

To ensure that its environmental and social impacts are fully taken into account, the Group has chosen to integrate CSR governance into the company's existing decision-making bodies. As a result, all CSR-related projects are presented and discussed in the Group's Executive Committees. Furthermore, since CSR and Innovation are at the heart of ORPEA's business model, in early 2020, the Board of Directors decided to create a CSR and Innovation Committee tasked with:

- examining the Group's strategy and commitments in terms of social, environmental and societal responsibility and innovation with regard to the challenges specific to its activity and objectives and making proposals to the Board in that respect;
- monitoring the actions implemented by the Group in terms of social, environmental and societal responsibility and innovation 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 social risks in conjunction with the Audit Committee and the impact of environmental and social issues on investment, economic performance and image;
- participating in the definition of the non-financial performance criteria taken into account in the determination of bonus payments and long-term remuneration of the Chief Executive Officer in conjunction with the Appointments and Remuneration Committee;
- giving 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 management bodies;
- examining the annual and half-yearly quality reports;
- monitoring the preparation of the statement of non-financial performance 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 rules of procedure of the Board of Directors, including the CSR and Innovation Committee, are available on the website at the following address https://www.orpea-corp.com/2011-12-21-17-21-00/gouvernance.

■ **Bodies and Roles**

	BODIES	ROLES
NON-EXECUTIVE	Board of Directors CSR & Innovation Committee	• Reviewing the Group's strategy and commitments • Monitoring action plans
EXECUTIVE	Group Executive Committee	• Approving the strategy • Monitoring the progress of work
EXECUTIVE	Quarterly Business Review by geographical region	• Deploying and monitoring the strategy
EXECUTIVE	Country Operations Committees	• Deploying and monitoring associated action plans

In addition, CSR activity has been attached to the Well-Being unit, which combines Quality, Medical and CSR, thus offering multiple synergies directly linked to ORPEA's core business.

4.2.2 TARGETS FOR 2023 DETERMINED ON THE BASIS OF NON-FINANCIAL ISSUES

For each stakeholder, priority issues consisting of both risks and opportunities were identified with ORPEA's business lines. These issues are naturally evolving and will be subject to regular review.

Non-financial risks are the result of mapping conducted as part of an active policy of prevention and management of the risks inherent in its 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, the Company 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 company and the environment in which it develops. The risk mapping was presented and shared in full with the members of the Group's executive management and with the Audit Committee.

The Group has a risk mapping programme, which is built on the following pillars:

- an analysis and categorisation, by theme, of risks articulated in interviews conducted with the Group's key managers as well as with the management of the various geographical regions; stakeholders are taken into account indirectly via the dialogue mechanisms (satisfaction surveys, etc.);
- a benchmark of risks with those applicable to companies of comparable or related sizes and sectors;
- a rating of each risk factor based on expected severity, its likelihood of occurrence and level of control;
- oversight of action plans to mitigate risk factors constituting major challenges for the Group.

An update of the Group risk map will begin in H2 of 2021.

The various internal control participants and bodies (quality, human resources, audit, risk, compliance and internal control, etc.), which includes CSR, have drawn up definitions and rolled out policies to address them. The improvements made by these teams are measured using indicators so as to provide a regular update of the risk mapping and to focus efforts on the key priorities at all times.

Stakeholder	Issues	Main non-financial risks and opportunities	Policies implemented[1]	2020 performance indicators (qualitative or quantitative)	CSR objectives for 2023
All stakeholders	Business ethics	Risk of non-compliance with the Group's principles in terms of ethics, the fight against corruption and influence peddling	4.3 Acting within an ethical framework	Ongoing roll-out of the Code of Conduct	Overhaul in 2021 and roll-out by 2023 of an ethics and CSR charter for all employees
Residents/ Patients/ Beneficiaries of home care services and their families 	Clinical Ethics Health and Safety Dialogue with families	Risk arising from a failure to respect the rights and dignity of vulnerable persons	4.4.1 Respecting the rights and dignity of residents and patients	• % 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 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	100% of facilities are putting in place an ethics/ positive treatment representative
		Risk arising from medical care and quality of care[2]	4.4.2 Ensuring the health and safety of residents and patients		100% of facilities certified by an external body according to national standards (ISO-type, etc.)
		Risk arising from facility safety conditions			
		Risk of not engaging in a dialogue with patients/residents and their families	4.4.4. Maintaining a transparent dialogue with residents, patients and families to satisfy their expectations	• Satisfaction rate • Recommendation rate • Complaints rate	Establishment of an enhanced dialogue process with families in each geographical region
	Well-Being	Opportunity for positive impact on residents/patients	4.4.3 Promoting the well-being of the people who come to us	Prevention programmes	Group-wide deployment of three innovative programmes for the well-being of residents and patients

(1) Please refer to the relevant chapters.
(2) Including Covid-19 risk.

Stakeholder	Issues	Main non-financial risks and opportunities	Policies implemented[1]	2020 performance indicators (qualitative or quantitative)	CSR objectives for 2023
Employees	Health and Safety Employee development Training Dialogue with employees	Risk arising from attractiveness, difficulty in recruiting and retaining employees, especially for in-demand jobs (medical and paramedical)	4.5.2 Increasing attractiveness through a dynamic recruitment policy 4.5.4 Retaining employees with a dynamic human capital policy 4.5.5 Promoting inclusion and diversity	• Staff turnover rate • Absenteeism rate • Number of hours of training • Internal promotion rate (France) • % of women in management positions	• 50% of managers (regional directors, directors of facilities and head nurses) are promoted internally • 10% of employees hold a recognised certificate and/or diploma • 50% of women in top management
		Risk arising from employee health and safety	4.5.3 Monitoring the health, safety and well-being of employees	Workplace accident frequency and severity rate	• 15% reduction in the frequency rate of workplace accidents
		Risk of failure to maintain an employee dialogue conducive to stability	4.5.3.4 Maintaining a high-quality employee dialogue	Management of dialogue with employees	Maintenance or improvement of the level of employee satisfaction as measured by the employee engagement surveys deployed starting in 2021.
Environment	Reduction of the carbon footprint of buildings and their use Preservation of natural resources Waste management	Risk of a failure to take environmental responsibility into account in construction projects and/or in the management of facilities	4.6 Limiting the environmental footprint	• Water consumption *(in m^3)* • Tonnes of waste (France) • Tonnes of PIMW[3]	100% of new construction projects starting in 2021 to be HQE certified or equivalent (first deliveries in 2023)
		Risk arising from the consequences of climate change	4.6 Limiting the environmental footprint	• Energy consumption *(in MWh)* • CO_2 *emissions (in tCO_2e)*	5% reduction in energy consumption
Partners	Supply chain vigilance	Risks related to purchasing, suppliers and subcontractors	4.7.1 Building a responsible purchasing policy	Strengthening the integration of CSR criteria into the purchasing process	100% of calls for tender include the supplier's CSR performance
	Sustainable and responsible relationships	Opportunity for positive impact on the ecosystem	4.7 Building sustainable and responsible partnerships	Number of collaborations with innovative partners	100% of suppliers sign ORPEA's CSR charter of reciprocal commitments
Local communities	Scientific contribution Solidarity	Opportunity to have a positive impact on markets where it operates	4.8 Being involved in the local community	Number of scientific publications	• 100% of countries have established a research partnership with a renowned university or equivalent • 100% of facilities have deployed at least one solidarity action

(1) Please refer to the relevant chapters.
(3) PIMW: Potentially Infectious Medical Waste (PIMW) is waste generated in connection with the diagnostic, follow-up and preventive, curative or palliative treatment in the fields of human and veterinary medicine.

4.2.3 DUE DILIGENCE PLAN

As part of its signing of the Global Compact and in compliance with the Law of 27 March 2017 on due diligence, ORPEA has drawn up its due diligence 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 given the implications of its operations on people and the environment, due diligence is a crucial aspect for making its business sustainable. It has thus established its governance framework and development model around socially responsible values and principles covering all the countries in which it operates. In addition, ORPEA endeavours to rigorously uphold human rights and comply with the labour, personal health and safety, and environmental legislation in all the territories where it has a presence.

4.2.3.1 RISK MAPPING: IDENTIFICATION AND EVALUATION OF THE RISKS GENERATED BY THE ORPEA GROUP'S BUSINESS

Group risk mapping

In 2019, the Company 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 company and the environment in which it develops. The risk mapping was presented and shared in full with the members of the Group's executive management and with the Audit Committee. The Group has a risk mapping programme, which is built on the following pillars:

- analysis and classification by area of the risks arising from the interviews conducted with the Group's key managers and the departments of the various geographical regions;
- a rating of each risk factor based on expected severity, its likelihood of occurrence and level of control;
- oversight of action plans to mitigate risk factors constituting major challenges for the Group.

All risks are monitored, but particular attention is paid to risks above the risk appetite curve. During 2020, in view of the health context of the Covid-19 pandemic, the action plans associated with the risks identified as significant were refined as part of a process of continuous improvement. An update of the Group risk map will begin in H2 of 2021.

Special mapping

Core Business Risks arising from residents, patients

Given the nature of its operations, the ORPEA Group follows an active risk management policy for the 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 smooth operation of the Group. As part of this approach, ORPEA has identified the risks that may adversely affect its patients and residents. The Group has been highly proactive in dealing with these risks and has developed recognised know-how in the area of long-term care, both in terms of medical care and in terms of the quality of services and facility safety. The control of operational risks is based on both the drafting of procedures at all stages of care for residents/patients and on the training of teams and the evaluation of their practices and compliance with processes.

Risks arising from personal data protection

Data security and confidentiality have always been a strategic priority for the Group. Risks arising from data collection, hosting and access represent clear priorities given the increasing trend towards the digitalisation of data held on the Group's systems. The application of the General Data Protection Regulation (GDPR) in May 2018 made it possible to strengthen the Group's policy in this area, and as a result, it has appointed a Data Protection Officer (DPO) tasked with the deployment of GDPR-related obligations throughout the Group. In terms of governance, the data protection department is attached to the audit, risk and compliance department (ARCD) to preserve its independence and strengthen its interaction with internal control and risk management. The Group DPO can call on a network of internal and external correspondents in the geographical regions who put the Group policy into action. In addition, collaboration between the DPO and the teams in charge of information systems security has been strengthened, so that each project must undergo a formalised joint review prior to its implementation. In addition, the GDPR steering committee, in which the audit, risk and compliance, legal and information systems departments as well as the General Secretariat participate, monitors the deployment of the roadmap and the latest developments.

Information system risks

Governance of information systems security is based on a security management system that has been certified as compliant with ISO 27001 since 2016 and Health Data Hosting (HDS) since 2019. In this context, an information systems and cybersecurity map was revised in 2019 as part of certification renewal and updated in 2020. In addition to the risks specific to information systems and cybersecurity, this exercise also allowed a review of the Group's strategic information systems suppliers.

Non-compliance risks

When the Sapin 2 law came into force, the ORPEA Group decided to map non-compliance risks, including not only risks of corruption and influence peddling but also other risks such as non-compliance with competition law or the risk of fraud. This initial non-compliance risk mapping exercise was presented by the audit, risk and compliance department in early 2018. It was supported by an external firm to ensure the consistency of the methodology used and completeness of the approach. Since 2018, the Group has endeavoured to roll out a full complement of compliance-related processes. To keep pace with changes in market practices and regulatory requirements, in Q1 2021 the Group will embark on a new mapping specifically dedicated to the risks of corruption and influence peddling. It will be supported in this effort by an internationally renowned firm in order to benefit from best market practices. (Note that the other risks are addressed in the Group risk mapping.)

Environmental risks

The Group's environmental risks correspond mainly to the impact of human activity on natural ecosystems: carbon emissions related to the operation of buildings (heating, electricity, etc.) and their manufacture, pollution related to the waste generated by the Group's activities, use of natural resources (water, food, etc.).

Main risks

The main risks identified as part of due diligence are as follows:

Topics related to due diligence	Risks identified
Personal health and safety	• Risk arising from medical care and quality of care. • Risk arising from facility safety conditions. • Risk arising from employee health and safety.
Human rights	• Risk arising from a failure to respect the rights and dignity of vulnerable persons. • 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 arising from the consequences of climate change.

4.2.3.2 PROCEDURES FOR ASSESSING AND MONITORING IMPLEMENTATION

Several departments of the ORPEA Group are involved in the regular assessment of risks and monitoring of mitigation measures.

Assessment and monitoring of 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 in place. 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/persons receiving home care to assess their level of satisfaction.

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 devised a stringent quality control process that applies to all its facilities in every geographical region. 200 criteria are tracked and controlled. They cover care and treatment, safety and security, meals, hygiene and monitoring of the quality process. For more details on policies and indicators, please refer to Chapter 4.4.2.5.

In addition to the assessments carried out by ORPEA's internal teams, external audits are carried out by authorised bodies, such as a food analysis laboratory, or an external inspection office for building security.

External assessments

The activities of the ORPEA Group are subject to regular assessment, control and certification by the competent authorities and independent bodies. For more details on policies and indicators, please refer to Chapter 4.4.2.5.

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 high quality standards (see Chapter 4.4.4.2).

Assessment and monitoring of the situation of the Group's geographical regions

Operations Committee

In 2020, Operations Committees were held every month in each geographical region and brought together the executive management team of the relevant entity and the Chief Operating Officer and/or the Head of Operations responsible for oversight of the relevant entity. Various support services (local or corporate) participated in these meetings from time to time.

These Committees considered any issues arising in relation to the activities of the geographical region. Their discussions included an update on action plans in progress and for implementation, budgets, quality and the training plan. The decisions taken at these Operations Committee meetings were always passed on and explained to facilitate their implementation via monthly meetings with the Head of Operations of the relevant entity, Regional Managers and Facility Managers.

The decisions thus approved were set out in action plans to monitor the achievement of the targets set on a monthly basis. Reporting on achievement of these targets is prepared in advance of every Operations Committee meeting so that the concrete results obtained can be discussed and any other remedial action necessary taken.

Ethics Committee

To reinforce the attention it gives to the ethical aspects of care practices, the Group established an International Scientific and Ethics Council in 2015. 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 Committee or raise questions concerning a resident's or patient's care, especially where this has implications for positive treatment.

Every year the International Scientific and Ethics Council (ISEC) 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 devised noteworthy clinical ethics programmes.

Audit, risk and compliance department

Measures to strengthen the audit, risk and compliance department began in 2017 under the leadership of executive management. The momentum continued in 2018 with the recruitment of teams at corporate level and, in 2019, with the recruitment of dedicated permanent control correspondents at geographical region level. The year 2020 was devoted to supporting operational staff in the context of the health crisis and to continuing the missions specific to each field of expertise.

This department reports to the executive management team and to the Audit Committee for day-to-day operations to safeguard its independence. It is built around two units:

- the permanent control unit endeavours to identify and prevent risk factors and to devise an appropriate internal control framework; It has four main areas of expertise:
  - risk management, which is in charge of preparing and coordinating various risk mapping exercises,
  - internal control, which is responsible for establishing the internal control framework, including by introducing and monitoring Group-wide pre-requisites and taking part in various Group projects to ensure that risk factors are handled properly,
  - compliance, which is tasked with ensuring that the Group complies with its obligations, with a particular focus on efforts to combat 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, consisting solely of internal audit, is responsible for ensuring that the internal control framework is effective and that risks are mitigated at all Group entities. It may also recommend improvements to curb its risk exposure.

Sustainable Development Committee France

A Steering Committee made up of representatives from the purchasing, works-construction, quality and communication departments was set up in 2013 to oversee the action plan jointly; it meets every two months and monitors the main priorities set for the ORPEA Group's environmental protection initiatives:

- reducing energy use (chiefly gas and electricity) and carbon emissions;
- control of water consumption;
- optimisation of waste management and the fight against food waste.

Assessment and monitoring of the situation of subcontractors/suppliers

Responsible purchasing

ORPEA also intends to extend its social, societal and environmental commitments to its dealings with its suppliers. It regards them first and foremost as partners, with whom it is vital to build a trust-based relationship and to share common values, goals and objectives.

Always keen to improve its practices for the benefit of residents and patients, the Group's purchasing department regularly assesses its strategic suppliers — 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 creates a damage report and forwards it to the purchasing department. This helps to keep track of any issues arising, and remedial action can be implemented if necessary. The evaluation of the CSR performance of suppliers will be gradually integrated into the Group's purchasing processes (see Chapter 4.7.1.2).

Third party assessment

Alongside the measures already implemented by the purchasing and legal departments, the compliance department, which became part of the audit, risk and compliance department in early 2018, also launched a process of identifying and evaluating significant existing third-party partners. The development, works, purchasing and IT departments have already undergone more in-depth analyses. 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 on the basis of the responses provided.

At the same time, the Code of Conduct was sent to the Group's suppliers, and compliance clauses are now added to commercial agreements, where appropriate. For new third parties, the arrangements are predicated on internal control and strict approval procedures to avoid any risk of corruption and/or influence peddling. Accordingly, a formal due diligence process takes place before any new acquisition goes ahead. In addition, third parties involved in development operations (vendors, intermediaries, architects) are systematically subject to a conformity assessment before any contract is signed. For more details on policies, please refer to Chapter 4.3.

4.2.3.3 RISK PREVENTION AND MITIGATION ACTIONS GUARDING AGAINST SERIOUS BREACHES OF HUMAN RIGHTS OR ENVIRONMENTAL DAMAGE

The Group has, along with all of its teams, initiated actions 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 senior managers strive to create and maintain an environment conducive to buy-in to and respect for ethical principles and internal control. In the past the Group has drawn up ethical and quality charters setting out its values and best practices. In 2018, the Group continued this approach by introducing a Code of Conduct. The values set out in the Code of Conduct include universal respect for people, trust, a sense of responsibility and high standards of professional ethics as part of a broad-ranging care relationship and ethical commitments. The Group relies on three key documents:

- the Code of Conduct;
- the Quality charter;
- the Staff commitments charter.

These principles are put into action through a robust training policy supporting employees with implementing the best practices contained in these documents.

Ensuring the health of residents, patients and beneficiaries

To handle the various risks that facilities may face (pandemics, infections, food safety, medical device safety etc.), the ORPEA Group has put in place preventive measures and corrective action plans in compliance with the legislation of various countries. As a result, the Group has deployed a policy of training teams 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 complete these measures (health crises, heat waves, etc.), and it was activated as part of the management of the Covid-19 crisis. (For more details, see Chapter 4.4.2).

Maintaining suitable working conditions

Building trust is key to improving working conditions in the facilities. ORPEA has grown to become a well-known business with expertise in its field by protecting physical and mental health through managers' constant vigilance, training its employees to work safely and establishing and maintaining strong labour 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 may mean, 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 workplace accidents and work-related musculoskeletal disorders on the one hand and spreading the workload evenly on the other.

As part of the prevention of psychosocial risks, facility managers 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 arranged every year. To support employees having to deal with great emotional distress by virtue of the very nature of the work they do and the context of the health crisis, since 2009 the Group has established a psychological unit known as the "Group emergency intervention unit" consisting of qualified psychologists with special training in facility trauma.

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; 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 cared for at facilities safe and secure

Keeping the people it looks after 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. Over a period of many years, it has introduced appropriate tools and systems (procedures, training, check lists and verifications) to prevent and manage these risks. They principally include the quality and temperature of water (prevention of the risk of legionella, control of drinking water and water temperature with mixer taps etc.), and more generally the risks associated with building security (fire safety, asbestos-related risks, radon etc.). As such, a works budget is allocated each year by the Group works department and executive management to fully comply with regulatory standards. A works department established in each geographical region is responsible for building safety and maintenance. At the same time, the ORPEA Group has established a network of specialist independent contractors that can audit the safety of its installations and buildings to check their compliance with the regulations in force (for more details on the policies implemented and the monitoring indicators, please refer to Section 4.4.2).

Human rights and business ethics

Action plans are put in place to respect the rights of residents and patients and ensure quality care. Their main focus is on the following points:

Respecting the rights and dignity of vulnerable people

The Group has put in place a preventive and curative protocol for abuse in all of its facilities, making it possible 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; ethical and/or proper treatment representatives are identified within teams and trained and supported to carry out this policy.

Business ethics

The purchasing, legal and compliance departments work together on a case-by-case basis to define, jointly with third parties, the actions to be implemented based on the results of assessments of third parties and/or development projects. The deployment of the Code of Conduct and 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 partners and suppliers in its CSR approach, the ORPEA Group has further strengthened its responsible purchasing policy by integrating CSR criteria into its purchasing processes, especially during its calls for tenders and contracts with its suppliers. (For more details on policies implemented, please refer to Section 4.3 of the Statement of non-financial performance).

Environment

Action plans to limit the Group's environmental footprint are in place at the Group level and focus mainly on the following points:

- improvement of the energy performance of sites and limiting of energy and water consumption and greenhouse gas emissions;
- optimisation of waste management and the fight against food waste.

For more details on policies implemented and monitoring indicators, please refer to Section 4.6.

4.2.3.4 INTRODUCTION OF FEEDBACK SYSTEMS

Paying close attention to complaints received from residents and patients

One of the main concerns of facility managers is to maintain an ongoing transparent and constructive dialogue and meet the expectations of residents/patients and their families. This dialogue and transparency give residents/patients a say in shaping their care plan and arrangements so that they take the lead in decisions related to their health and thus maintain their independence as far as possible.

Various 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 regions:

- on committees (menus, activities, social life, etc.);
- on residents' councils (known in France as "*Conseils de la Vie Sociale*");
- with user representatives in hospitals from accredited healthcare associations who sit on the Users Committee (CDU).

Employee representative bodies responsible for safety and working conditions

The Group fully involves any local employee representative bodies in its development. In addition to the mandatory consultations, ORPEA maintains an ongoing dialogue with employees throughout the year, both via trade unions and with all staff in the field.

Reporting platform

Since June 2018, a general whistleblowing framework for (internal and external) employees and third parties has been in place, providing them with a mechanism for sounding a warning about breaches of the Code of Conduct, especially those concerning fraud, corruption, influence peddling and conflicts of interest (see Chapter 4.3.2.9).

Deployment of 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 determined to remedy these malfunctions. In addition, difficulties relating to environmental issues can be reported to the Sustainable Development Committee.

Topics related to due diligence	Section of this Universal Registration Document
Personal health and safety	4.4.2 Ensuring the health and safety of residents and patients and maintaining their autonomy 4.5.3 Monitoring employee health and safety 4.7.1.2 Building a responsible purchasing policy
Human rights	4.4.1 Respecting the rights and dignity of residents and patients 4.5.5 Promoting diversity and inclusion 4.5.5.4 Complying with ILO conventions 4.7.1.2 Building a responsible purchasing policy
Environment	4.6.1 General environmental policy 4.7.1.2 Building a responsible purchasing policy

4.3 Acting within an ethical framework

MAIN ISSUES IDENTIFIED

The ORPEA Group is a leading provider of long-term care for vulnerable persons. It 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 to compliance with laws and regulations.

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

4.3.1 STRENGTHENING COMPLIANCE PROCESSES

To address these risks, the executive management team has always voiced its "Zero Tolerance Approach" towards corruption and influence peddling and in general towards all breaches of probity. 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)". These 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 standard fully dedicated to Compliance.

In order to animate these GS, the Group has set up a self-assessment system. These self-assessments are reviewed annually by the corporate departments including the compliance department in their areas of responsibility. If necessary, action plans are defined to achieve the risk control objectives.

This desire has also led to the strengthening of teams, both at the corporate level and through the creation of a network of compliance officers within different geographical regions, which is also meant to support the Group's international development. These local officers assigned to oversight activities 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 corporate headquarters and the teams in the geographical regions is achieved through communication and regular interactions to foster transparency on issues met at corporate and local level. The Group's rigorous compliance with the law and regulations extends to its tax affairs. ORPEA applies strict policies in that area, as outlined below.

4.3.2 THE GROUP'S ETHICAL PRINCIPLES AND CODE OF CONDUCT

The Group's senior managers strive to create and maintain an environment conducive to buy-in to and respect for ethical principles and internal control.

Respect for ethical and quality standards provides the cornerstone of ORPEA's control environment. These values are closely associated with its core business, which is primarily based on interpersonal relationships. Not only does this core business rely on the trust built up by ORPEA and its employees, on the one hand, and with patients/residents and their family, on the other hand, but also on fully transparent relationships with third parties, suppliers and the public authorities.

In the past the Group has drawn up ethical and quality charters setting out its values and best practices. In 2018, the Group continued this approach by introducing a Code of Conduct.

The Group relies on two key Group-wide documents:

- the Code of Conduct;
- the Quality charter.

In France and Belgium, a Charter of Team Commitments is deployed in addition to the two previous documents.

These documents also include a gift policy that has been harmonised and adapted for each geographical region, 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 robust training policy supporting employees with implementing the best practices contained in these documents.

Furthermore, the Group does not finance political parties.

4.3.2.1 CODE OF CONDUCT

The Code of Conduct sets out ORPEA's business ethics commitments to all its stakeholders — employees, patients, residents and those benefiting from home care services, public authorities and third parties, investors and lenders.

The Code of Conduct of the ORPEA Group is founded on principles that are essentially anchored in its DNA and on those laid down in the following international and/or national agreements:

- 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 proactive training policy that uses various methods 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 to facilitate its distribution in a fully transparent manner. It has also been adopted by the management of all geographical regions after being adapted to local regulations and translated into all languages where the Group operates. These variations have made it possible to develop adapted training modules that have been provided to local compliance officers to facilitate the training of employees throughout their career with the Group.

The Code of Conduct is being rolled out to all Group employees, starting with the executive management team, the managers of each geographical region and the central functions. Regional managers and facility managers are also targeted; 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. For example, the module developed in France in 2020 (to be rolled out in 2021) is aimed at all head office and facility teams. Regular events and entertainment throughout the year are planned for topics such as: preventing conflicts of interest, the framework of the gifts and invitations policy, and corruption in all its forms. To ensure that the Code of Conduct is disseminated via the website, posters or e-learning, training sessions on the Code of Conduct are regularly organised with a compliance officer. At the end of 2020, a total of more than 20,500 people have participated in these training sessions since the Code of Conduct roll-out began in 2018.

The presentation of the Code of Conduct is also part of the integration process for new employees (head office and facilities), in particular through e-learning, and is made effective on each employee according to the regulations applicable in the various countries. In addition, the Code of Conduct is displayed in staff rooms at the facilities so all employees are aware of its existence and how important it is to be familiar with it.

Other workstreams, such as increasing the penalties for breaches of the Code of Conduct and introducing a reporting and whistleblowing process (presented below in Section 4.3.2.9), have also been deployed to flesh out the arrangements backing up the Code. An update of the Code of Conduct was initiated in 2020 for a roll-out in early 2021 to continue to build momentum around its principles and examples.

CSR OBJECTIVE FOR 2023

In 2021, this Code of Conduct will become the ORPEA Group's Ethics and CSR Charter and will be rolled out to all employees by 2023.

4.3.2.2 QUALITY CHARTER

Each of the Group's geographical regions 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 have for 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 region.

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, presented 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 region, as is the case for France, which applies the hospitalised persons charter in force in all its health facilities, as well as the charter for the respect of the rights of the elderly requiring long-term care for its nursing homes.

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

4.3.2.3 STAFF COMMITMENTS CHARTER

The Group has always considered the sharing of common values within its teams to be important. It is on this basis that a discussion was held starting in 1998 in France to enable each facility to reflect on the values on which the professional practice of the staff is based. It was out of this discussion that the Staff commitments charter was born.

This charter has been prepared by the staff of each facility. Each team is helped to draft their charter by an expert facilitator trained in leading ethical discussions. The teams meet regularly over a period close to six months to discuss their ideas and views about the core values underpinning their best professional practice. Each staff member (regardless of their rank or job within the facility) attends these discussions to help shape a commitments charter which is then formally inaugurated by the entire staff and displayed throughout the facility.

The commitments made by the team therefore carry more weight and respect because it is the employees themselves who have chosen and formally undertaken to uphold these ethical values. These commitments are then maintained thanks to the Group's training policy and in particular the mini-training courses that cover each of these values throughout the year. To date, the charter has been introduced in France and Belgium.

4.3.2.4 INTERNATIONAL SCIENTIFIC AND ETHICS COUNCIL

In 2015, the Group also set up an International Scientific and Ethics Council (ISEC) with a dual mission: firstly, to build and disseminate 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.

The ISEC's ethical discussions in 2020 focused exclusively on ethically challenging situations encountered during the Covid-19 pandemic, including health assessments of residents, the satisfaction of residents' families, the situation vis-à-vis psychiatry, the major support role played by post-acute and rehabilitation hospitals, the main ethical challenges encountered during periods of lockdown and easing of lockdown as revealed by the COVISEO ethical survey, and the psychological health of employees.

4.3.2.5 GIFTS AND HOSPITALITY POLICY

The Group's revised gifts and hospitality policy was circulated to all geographical regions at the end of 2018. It was harmonised and adapted for each geographical region in 2019. For simplification purposes and to maintain a high standard, it was updated at the end of 2020, most notably in France to take into account the country's new anti-gift law applicable to healthcare 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, government representatives) and healthcare professionals.

The gifts and hospitality policy lays down the rules to be applied by the Group's staff in their interactions with civil servants, government representatives, third parties, healthcare professionals and suppliers. The policy also sets the thresholds for gifts and hospitality, which are adapted to each geographical region according to applicable practices and regulations.

All employees in the different geographical regions are regularly made aware of the policy, whether at specific meetings dealing with compliance issues, or at festive events such as Christmas, for example, which are conducive to the presentation and/or receipt of gifts and hospitality. A communication is sent to them in various forms that contains an overview of the applicable rules.

4.3.2.6 GUIDE TO PREVENTING AND MANAGING CONFLICTS OF INTEREST

The guide to preventing and managing conflicts of interest is enshrined 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 roll-out has been planned in the following phases:

- a first phase, rolled out in 2020, which targeted members of the Group's executive management, the CEOs of the geographical regions, and all those working in the audit, risk and compliance department;
- a second phase, to be rolled out in 2021, which will target all department heads at both the corporate and geographical level, plus employees in the following functions: expansion and development, real estate and construction, purchasing and catering;
- a third phase, also to be rolled out in 2021, which will target regional managers (RMs) and facility managers (FMs).

4.3.2.7 NON-COMPLIANCE RISK MAPPING

In early 2018, the Group conducted an initial mapping that addressed a certain number of risks including corruption and influence peddling recommended by the Sapin 2 law. It was carried out with the support of an external firm to ensure consistency of methodology and completeness of approach. This mapping also contained a number of other risks that could result in non-compliance, such as non-compliance with competition law, or the risk of fraud. This initial mapping was presented in early 2018 by the audit, risks and compliance department.

The Group's key risks as well as aggravating factors were identified through an initial series of interviews with internal stakeholders responsible for operations. The criticality and gross risk associated with each factor was obtained based on a combination of the likelihood and severity of its impact. The Group's stakeholders provided input into the review of the principal risk factors based on their area of expertise.

The level of control provided by the existing arrangements was determined through a second series of interviews, to calculate the net or residual risk. This score reflects the combination of the criticality and level of control. Each source of non-compliance risk was analysed meticulously by means of scenarios, aggravating factors, control arrangements and areas for improvement.

Since 2018, the Group has endeavoured to roll out a full complement of compliance-related processes. To keep pace with changes in market practices and regulatory requirements, in Q1 2021 the Group will embark on a new mapping specifically dedicated to the risks of corruption and influence peddling. It will be supported in this effort by an internationally renowned firm in order to benefit from best market practices. (Note that the other risks are addressed in the Group risk mapping.)

4.3.2.8 A RESPONSIBLE AND CLOSELY CONTROLLED PURCHASING POLICY

The Group has a purchasing department backed up by purchasing services in the various countries in which it operates. Under its purchasing policy, the Group is particularly concerned with the societal, environmental and business ethics aspects of its supplier relationships. A description of the Group's responsible purchasing policy, which was tightened in 2020, can be found in Chapter 4.7.1.2 of this Universal Registration Document.

Oversight of third parties

The ORPEA Group has introduced reputational surveys of third parties as part of its development and a policy of listing its main suppliers. The top priority is to avoid any risk of corruption and/or influence peddling in any of the Group's areas of activity.

Alongside the measures already implemented by the purchasing and legal departments, the compliance department, which became part of the audit, risk and compliance department in early 2018, launched a process of identifying and evaluating significant existing third-party partners. The development, works, purchasing and IT departments have already undergone more in-depth analyses.

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 are now added to commercial agreements, where appropriate. For new third parties, the arrangements are predicated on internal control and strict approval procedures before each geographical region enters into a relationship. Accordingly, an integrity verification process is conducted using dedicated tools such as Lexis Nexis 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). For example, a formal due diligence process takes place before any new acquisition goes ahead.

Due diligence processes are carried out with the support of local compliance officers and cover, for the most part, the verification of the integrity of strategic third parties (such as first-tier suppliers and general contractors) and third parties related to development operations (intermediaries, vendors).

4.3.2.9 WHISTLEBLOWING PLATFORM

In June 2018, in accordance with the Sapin 2 law, a general whistleblowing framework for (internal and external) employees and third parties was introduced, providing them with a mechanism for sounding a warning about breaches of the Code of Conduct, especially those concerning fraud, corruption, conflicts of interest and influence peddling.

Confidentiality of the information disclosed is guaranteed at every stage of the whistleblowing process, which extends to the identity of the whistle-blower. 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 Group has also established a procedure for compiling reports accessible on the whistleblowing site. The procedure sets out the rights and obligations of whistle-blowers and those referred to in a whistleblowing report. It also stipulates the scope of the protection provided to the whistle-blower making a report in good faith.

An investigation charter has also been drafted to guide the course of investigations launched following a whistle-blower's report.

To broaden awareness of the tool, the site was presented in greater detail in the face-to-face training concerning the Code of Conduct. The audit, risk and compliance department has established arrangements to facilitate data reporting. At year-end 2020, only five cases were reported and did not concern any corruption.

The low number of cases reported through the reporting site can be explained in part by the coexistence of other channels for reporting employee concerns. Very often, employees still turn to their hierarchical superior, human resources or corporate compliance, to discuss matters more freely in person, thus encouraging informal interactions.

4.3.2.10 STRICT POLICIES ON TAX RULE COMPLIANCE

The ORPEA Group is a responsible taxpayer, and it strives to abide by the tax rules in every country in which it operates.

The tax function is organised so as to achieve compliance with the tax laws and regulations of the countries in which it operates. The finance department of each geographical region verifies that changes in the tax regulations are taken into account and correctly applied by entities in the relevant geographical region. The Group may bring in specialised tax law firms, where appropriate, to make certain that new or unusual operations are compliant.

The role of the tax function is to:

- abide by all the local tax rules and settle all its tax liabilities in a timely manner in the countries in which the Group operates;
- plan ahead for and limit tax risks and disputes;
- maintain good relations with the various tax authorities.

ORPEA has no economic or financial interests in the countries on the EU's list of non-cooperative countries and territories.

4.4 Caregiving in an adapted living environment

MAIN ISSUES IDENTIFIED

The primary mission of the ORPEA Group in all its activities is to care for and support vulnerable persons with loss of independent living skills, whether they are "residents" in nursing homes or "patients" in post-acute hospitals or psychiatric facilities (see Chapter 1 of this Universal Registration Document).

As an indication of this vulnerability, the average age of nursing home residents is over 85 and the average age of entry is 84. Dependence levels are assessed according to country-specific scales and determine the physical and psychological fragility of those requiring care (75% suffer from degenerative or neurodegenerative diseases).

In the context of 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 at every moment of its daily practice;
- 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 their care and that their views and feelings are taken into account;
- 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 at all times.

The ORPEA Group puts the resident/patient at the heart of its concerns, both in terms of the care they need and by considering each of them as a person in their own right, with a life history, an origin, expectations and wishes for a better life.

4.4.1 RESPECTING THE RIGHTS AND DIGNITY OF RESIDENTS AND PATIENTS

The issue of resident/patient rights and dignity has always been the key focus and primary commitment of the Group's professionals. The aim is for the resident/patient to remain in control of their health and life, despite their disability or fragility, based on clear information tailored to their disability. Respecting people's rights and dignity also means taking into account their culture, traditions, religious identity, beliefs, wishes and life history, and demonstrating a benevolent, impartial attitude in these areas at all times. It is also important to remember that this fragile person is and must remain, above all, a citizen in their own right who always has a place and a role to play in society. This is why the ORPEA Group makes a point of creating a personalised care plan for each person in its care.

4.4.1.1 A STRONG ETHICS CULTURE

To deliver on this objective, ORPEA has always developed a strong culture of ethics and positive treatment to ensure that these fundamental principles of respect for the rights and dignity of residents and patients are implemented in all circumstances. This culture is reflected on a daily basis in the commitment of every facility to provide positive treatment, founded on respect for the individual, for their dignity and for their uniqueness. This positive treatment also requires collective analysis of working practices with professionals regularly reflecting on what they do, and rigorously applying the measures decided on to improve practices.

To some extent, it is part of a culture that involves continuous self-reflection and analysis of the latest advances in knowledge and findings in the human, social and medical sciences. Striving to provide positive treatment entails continuous reflection and analysis and cooperation among professionals, users and friends and family, as well as other stakeholders, to identify the best possible way of meeting a given need at any particular time.

This culture is a cornerstone of quality care and permeates in a number of ways:

A Code of Conduct and charters available to all

These values are enshrined in the Group's Code of Conduct and in Charters distributed to all facilities, whether they are charters guaranteeing a high standard of care for residents and patients, or charters guiding staff in their daily practices.

Appropriate organisation and management

Appropriate organisation and management, both centrally and at the level of each facility, have been put in place to maintain this ongoing discussion, which is essential to a proactive approach to positive treatment. Difficulties identified while caring for a resident/patient are discussed at the weekly briefing meetings held in each Group facility and the best solutions for respecting the freedom, rights, individuality and dignity of the resident or patient are identified by participants working as a team. In addition, the Group's organisation facilitates closer monitoring of the quality of care provided, as well as oversight of staff's handling of everyday problems, as facility managers are relieved of the majority of support functions. The management of the facility is available to support the teams on a daily basis (mini-training sessions, etc.), and the regional support teams (quality, care, food service, construction, etc.) can also provide support, if necessary.

Explicit protocols

The Group has drawn up a preventive and remedial protocol for mistreatment and abuse covering all of its facilities. Not only is this designed to help prevent such behaviour — through appropriate recruitment, staff integration, support and training — but it also calls for any person suspected of mistreatment or abuse to be suspended in compliance with personnel management rules for as long as it takes to conduct an internal investigation.

Ongoing staff training

The Group is committed to continually educating its staff about the values and best practices that are essential to maintain respect for the dignity and individuality of its residents and patients, either through mini on-site training sessions or e-learning sessions. ORPEA Group employees also receive training on how to detect and prevent mistreatment and abuse. The training includes discussions of personal experiences, role-playing activities, and individual and collective action plans. Refresher mini-training courses are also provided regularly in each facility (for more details on training courses, see Chapter 4.5.4.3).

An ethics committee, the ISEC, to support on-site staff with ethical issues

To reinforce the attention given to the ethical aspects of care practices and respect for the individuality of each person, and to ensure that no legitimate questions in this area are considered off-limits, each of the Group's facilities can refer matters to the ISEC (International Scientific and Ethics Council, see Chapter 4.3.2.4) or raise questions concerning a resident's or patient's care, especially where this has implications for positive treatment. As part of this dynamic, every year the ISEC organises the ORPEA Excellence Awards (see Chapter 4.4.3.4) to shine the spotlight on the efforts made by teams regarding ethical considerations and Innovation in Care.

4.4.1.2 ONGOING CONSIDERATION OF ETHICS

In 2020, during the exceptional times of the Covid-19 pandemic, this ongoing process of reviewing practices and holding discussions among staff to find the best possible solutions for residents/patients was particularly meaningful. Nursing homes and healthcare facilities were forced to embark on complex decision-making processes based on evolving, and even binding, scientific recommendations that impacted respect for individual rights and freedoms. The challenge faced by the ORPEA Group and its teams in the context of this public health emergency was how to reconcile the greatest respect for the rights of the individuals in its care with the need to protect them against the Covid-19 virus.

A study known as COVISEO, "Covid International Survey on Ethics — ORPEA", conducted by the Group's medical department at facilities in seven different countries, confirmed just how many ethical questions the public health crisis had raised for nurses and carers.

During this period of uncertainty stemming from a lack of knowledge about the new virus, the ORPEA Group made every effort to strengthen ethical dialogue, individual support and collective solidarity within its facilities so that each nurse and carer would never feel alone and could find, within their team and/or the mechanisms set up (for instance, a psychological support unit: see Chapter 4.5.3.2), someone to talk to, seek support from and jointly make decisions with.

In dealing with this complex public health situation, the ORPEA Group was able to rely on the professionalism and commitment of its staff and their capacity for discernment — qualities that allowed them to hold productive discussions, take collective action and make choices that were as informed as possible. This also meant finding the right balance so that residents and patients could be cared for in the best possible state of physical, mental and social health.

CSR OBJECTIVE FOR 2023

All facilities have an advisor on staff that is trained in positive treatment and ethics. The ORPEA Group is committed to identifying, appointing and training a positive-treatment and/or ethics advisor at each of its facilities who will be responsible for ensuring that best practices are implemented and a culture of positive treatment and ethical reflection is developed within the facility.

4.4.2 ENSURING THE HEALTH AND SAFETY OF RESIDENTS AND PATIENTS

The ORPEA Group has implemented appropriate preventative measures and curative action plans to address the various health and safety risk factors that its facilities may encounter (pandemic risk, infection risk, food safety risk, etc.), while taking into account the regulations in force in the various countries in which it operates.

These measures are based on more than 30 years' experience in the sector as well as on the expertise and professionalism of the Group's staff.

4.4.2.1 SETTING UP RISK-PREVENTION PROGRAMMES

A facility maintenance programme

ORPEA has identified all the health and safety risks that could occur in its facilities. Over a period of many years, it has introduced appropriate tools and systems (procedures, training, check lists and verifications) to prevent and manage these risks. They include the quality and temperature of water (prevention of the risk of legionella, control of potability of water and water temperature with mixer taps, etc.), and more generally the risks associated with building security (fire safety, asbestos-related risks, radon etc.). Also taken into account are geographical location (risk of floods, forest fires, chemical spills, etc.) and/or climate change (heat wave risk).

A group of ORPEA's size, which manages over 1,000 facilities, has to devote very considerable financial and human resources to rolling out these tools and systems and to ensuring that it maintains them and conforms to the standards at all times.

ORPEA has risen to this challenge by opting to invest heavily each year to ensure that its facilities, in all the territories in which it operates, provide high-quality, safe and comfortable accommodation and comply with government health, safety and fire directives. This investment also serves to maintain the appeal of the Group's facilities and meet the comfort and safety expectations of residents/patients.

As such, a works budget is allocated each year by the Group works department and executive management to fully comply with regulatory standards while prioritising the quality of the living and care environment. A works department established in each country is responsible for building safety and maintenance. This involves:

- 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 officer in compliance with the legal requirements in each country;
- preventative quarterly, semi-annual or annual maintenance work (fire safety system, smoke extraction system, fire doors, fire extinguishers, installation of domestic hot water and maintenance of the water network, recording of building temperature, etc.);
- remedial measures as part of a system assuring full traceability to identify the issue that has arisen, the action taken to mitigate it, the person responsible, and the date on which the action was completed.

At the same time, the ORPEA Group has established a network of specialist independent contractors that can audit the safety of its installations and buildings to check their compliance with the regulations in force. Fire safety checks are also carried out on the fire safety of installations by the relevant bodies. Legionella analyses are conducted on the basis of a schedule set annually, as are potability analyses (bacteriological and physico-chemical analysis) to check the quality of drinking water in all the countries where the ORPEA Group operates.

With its recently built or redeveloped real estate portfolio, ORPEA possesses a consistent, homogeneous portfolio of facilities that meet the most stringent regulatory standards and provide a level of comfort few in the sector can match.

Food safety programme

Food hygiene and safety: ORPEA's food safety control plan forms one of the main pillars of its chemical, physical and biological risk prevention programme. It covers all the requisite points for ORPEA's facilities to fully honour its responsibilities: best practices in food hygiene, compliance with the HACCP method, management of remedial actions and warnings, 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.

The Group catering department works with its suppliers to offer high-quality, healthy and safe products in the restaurants of its facilities 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.

For example, while not a universal regulatory requirement, ORPEA has set up external controls with approved companies in all its countries of operation to inspect the bacteriological conformity of prepared products at least once a quarter.

4.4.2.2 THE DEFINITION OF QUALITY PROCEDURES AT ALL STAGES OF CARE

Each country has a quality department responsible for drafting and coordinating with experts the procedures that provide a framework for best practices in the care and quality of life of residents/patients/beneficiaries in all facilities, both for initial implementation and for updating as necessary. The existence of these procedures and their regular updating are monitored by the Group's quality department at least quarterly and reported at the time of the annual review.

These procedures provide a framework for staff practices in the areas of healthcare, food services, management, activities, maintenance and safety, and more. Each of these procedures is then broken down into application protocols and traceability and training tools.

Almost 500 procedures and tools are deployed at each facility to manage practices and ensure they are correctly applied.

This policy is actively supported by the countries' quality departments, which are responsible for ensuring that the Group's quality procedures are properly implemented in all ORPEA facilities. Almost 100 people from quality departments across all geographical regions are involved in this effort. The effectiveness of these procedures is underpinned by the wide diversity of profiles of quality control managers and officers (engineers, nurses, etc.) and the closeness with which they work with other departments. The Group's corporate quality department oversees the implementation and efficiency of this process to ensure that the Group's practices are properly applied, and conducts quarterly quality control committee meetings as well as regular on-site audits.

These operating procedures came into their own during the Covid-19 crisis. In just a few days, thanks to the expert support teams at both the country and Group level and the organisational procedures in place, facilities had access to protocols and tools specifically tailored to the public health situation and to documentation that was constantly being updated in line with the latest guidelines to combat the virus. The rapid availability of such resources eased the concerns of local staff, as reflected in the results of a survey carried out among employees in France: almost 9 out of 10 said that the measures put in place in their facility were appropriate for managing the crisis.

4.4.2.3 ROLL-OUT OF IT TOOLS PROVIDING FULL TRACEABILITY

The systems track all medical procedures and care, as well as the prescription, dispensing and administration of medication and the food product cycle. Combined with the medical and paramedical monitoring protocols and operating procedures devised by the medical department and Group quality department, the IT systems and the robust traceability serve to:

- enhance the safety of the care provided in all Group facilities, ensuring compliance with best clinical practice and all health and safety requirements;
- harmonise the organisation of work with specific materials prepared to facilitate internal control of the care provided in the Group's facilities.

Having computerised management systems turned out to be a major boon during the 2020 public health crisis; thanks to the tools rolled out, the Group and all its geographical regions were able to track the public health situation in each facility in real time and make the most appropriate decisions to safeguard the health and safety of both residents/patients and staff.

4.4.2.4 STAFF SUPPORT AND TRAINING

In particular, this involves training staff in good hygiene practices, the prevention and control of infection risks, treatment protocols, medicinal safety mechanisms, a HACCP programme to control food safety in its kitchens etc.

This staff training, which has always been one of the pillars of the Group, is acknowledged by residents and families who, in the 2020 satisfaction survey, expressed a satisfaction rate of more than 91.5% regarding the quality, availability and competence of staff.

This rate increases every year, attesting to the attention ORPEA pays to staff development and training in order to always best meet the needs and expectations of the people in its care.

	"Team skills and training" satisfaction index
2019	91.2%
2020	91.5%

Every year, ORPEA rolls out an ambitious staff training programme in all of its host countries to support the development of its teams' professional skills. Not only does this lead to better care of residents and patients, but it also enhances the well-being of employees (see Chapter 4.5.4.3).

From the very beginning, ORPEA has been committed to improving the technical skills of its teams so that it has qualified experts in all areas of activity. During the 2020 public health crisis, the Group was quickly able to deploy teams of hygiene experts to help sites impacted by the crisis and develop training materials that would be easy for local staff to understand. The sudden onset of the pandemic and, in some countries, its virulence called for stricter hygiene measures to prevent the virus from entering and/or spreading within the facilities.

ORPEA has undertaken to continue to train experts in hygiene and infectious disease control over the coming years in all its countries of operation.

4.4.2.5 IMPLEMENTATION OF A PERMANENT CONTROL PLAN FOR THE GROUP'S OPERATIONAL ACTIVITIES

For 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 devised a stringent quality control process that applies to all its facilities in every country. Almost 200 criteria are continuously tracked and controlled, covering care and treatment, safety and security, meals, hygiene and monitoring of the quality process. Internally, these criteria are monitored using daily management charts, as well as internal audits and evaluations:

- throughout the month, self-assessments are conducted by facility managers and their management team (including the doctor and nurse responsible for the "care" aspect, as well as the chef for food service and maintenance staff for security);
- every six months, a control audit is performed by regional managers to monitor compliance with all Group procedures (care, food, administrative and hygiene procedures) and as such to ensure the health and safety of residents and patients.

These internal audits allow each facility to identify areas of non-compliance and implement appropriate corrective action plans as a team.

ORPEA's policy is to demonstrate humility in all circumstances. The Group is fully aware that there is no such thing as permanent perfection in an industry based on people, which is why it promotes a positive error culture that includes systematically taking stock of and continually improving practices.

External audits

Audits carried out both by the quality departments of the geographical regions and by authorised external companies (e.g. food analysis laboratories or external inspection offices for building safety) are used for cross-checking purposes and serve to confirm the quality of the internal audits.

An average of almost 20 internal and/or external audits are carried out each year at ORPEA facilities in all countries, covering all management activities and resident and patient care.

In addition, the facilities are subject to external controls by independent bodies that guarantee the quality of the care provided by the facilities.

CSR OBJECTIVE FOR 2023

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/patients, the Group has undertaken to obtain this certification based on the standards that make the most sense in the country concerned, thus considering the needs of all stakeholders.

As of 31 December 2020, 61% of the facilities were covered by an external certification, and are broken down as follows:

Country	Independent body	Results of 2019 external certifications	Results of 2020 external certifications
Germany • Clinics • Nursing homes	 ISO Certification MDK*	 • All rehabilitation centres certified according to the sector-specific, ISO-based "DEGEMED" standard • 1.2 (highest score = 1; lowest score = 5)	 • All rehabilitation centres certified according to the sector-specific, ISO-based "DEGEMED" standard • Not rated by the authorities because of Covid
Austria • Nursing homes • Clinics	Business certification** E-Qalin QMV EasyLiving	 • 20% of facilities certified • /	 • 50% of facilities certified • 13% of facilities certified
China	Government certification	/	100% of facilities certified
Spain	ISO Certification	100% of facilities certified	100% of facilities certified
France • Clinics • Nursing homes	*Haute Autorité de Santé* (HAS)	 • 100% of clinics certified of which 75% obtained level A (best level), 25% obtained level B and 0% obtained levels C and D • 100% of nursing homes complied with the external assessment procedure	 • 100% of clinics certified of which 82% obtained level A (best level), 18% obtained level B and 0% obtained levels C and D • 100% of nursing homes complied with the external assessment procedure
Italy (clinics)	Regional Health Agency	100% of clinics accredited	100% of clinics accredited
Netherlands	ISO Certification	100% of facilities certified	100% of facilities certified
Poland	ISO Certification	100% of facilities certified	100% of facilities certified
Portugal	ISO Certification	/	Pending
Czech Republic	Business certification**	1 facility certified	1 facility certified
Slovenia	Business certification**	/	Pending
Switzerland (clinics)	ISO Certification	100% of clinics certified	100% of clinics certified
Switzerland (nursing homes)	Business certification**	/	21% of facilities certified

* *MDK = Medizinische Dienste der Krankenversicherung — German Health Insurance Medical Services.*
** *Certification specific to the nursing home or healthcare sector (unlike ISO certification which is generic to all business sectors).*

4.4.2.6 IMPLEMENTATION OF A PLAN FOR THE PREVENTION AND MANAGEMENT OF ADVERSE EVENTS

Keeping people safe and secure in the Group's facilities also means preventing the risk of adverse events among residents and patients. Given the vulnerability of the people being cared for, such adverse events (for example, wandering or suicide) represent a risk of which the Group is well aware and for which facility staff endeavour to implement all preventative 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 (doctor, nurses, care workers, psychologist) introduces protective measures, devises an appropriate care plan and makes sure the resident's/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 resident's and patient's well-being, rights and freedoms. To bolster prevention in facilities, training and awareness-raising initiatives for staff are also carried out (to spot behaviours that may point to a risk of wandering, prevention of suicide risk, recommended actions in exceptional events, etc.).

In order to guarantee this programme, a procedure for reporting and processing adverse events is in place in all countries where the Group operates.

An adverse event is considered to be any accident, incident, risk of incident or malfunction, epidemic episode that occurs in the facility that causes or may cause harmful consequences to residents/patients, visitors, staff or property of the facility.

During the 2020 public health crisis, the well-structured implementation of this procedure meant that the number of residents and patients infected with Covid-19 in all countries could be reported accurately and efficiently, providing valuable guidance to all the crisis units.

All serious adverse events are subject to special treatment (internal and external reporting to supervisory authorities, analysis of causes and corrective actions to be taken, both locally and at country and Group level).

In a facility that is open 24 hours a day, 7 days a week, there is no such thing as zero risk. In 2020, as a result of the quality and safety policy implemented by the Group for many years, the adverse event rate was 0.2% (number of adverse events relative to the number of residents and patients admitted in 2020). Each 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 reoccurring at other facilities.

	Rate of adverse events
2019	0.2%
2020	0.2% (excluding Covid)

4.4.2.7 DEFINITION OF A BUSINESS CONTINUITY AND CRISIS MANAGEMENT PLAN

Every facility has a crisis management plan (for example, in France, the "White Plan" or "Blue Plan") and a business continuity plan to deal with any situation, with different levels of response. These plans also include an inventory and orders for the relevant equipment (masks, protective glasses, hand sanitiser, to cope with an epidemic, plus air conditioners and ventilation equipment for heat waves, etc.) to help protect residents/patients and Group employees. The facility's crisis unit communicates with the national crisis unit (consisting of the operations department, the medical department and the quality department), which coordinates measures Group-wide and compiles the information provided by local crisis units.

These plans came into their own in 2020 during the Covid-19 crisis; crisis management plans were activated everywhere and at all levels, allowing the Group to better manage the situations encountered through a perfectly adjusted organisational structure: guidelines were analysed by a team of experts, protocols and tools were drawn up, information was provided to local teams on basic elements (procedures, etc.) and in an appropriate form (messages of support), indicators were monitored on a daily basis (Covid cases plus employee absences, PPE supplies, etc.), and practices were reviewed constantly and updated according to the site.

4.4.3 PROMOTING THE WELL-BEING OF PEOPLE IN CARE

The ORPEA Group has always been committed to improving the well-being and quality of life of the people in its care.

This commitment is enshrined in a holistic concept of care that is found throughout the Group's facilities. It is based not only on treating a disease and/or an organ, but also on taking into account the person as a whole (their physical, psychological and social well-being), which also means involving everyone who plays a role in their care. This comprehensive approach binds the social and health aspects of a person's life journey in a way that is inseparable.

The ORPEA Group considers health "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (WHO definition). Its goal is to reinforce this notion within its facilities, making the well-being and quality of life of the people in its care its number-one priority, both in terms of their living environment and the care they need now or in the future if they are going home.

4.4.3.1 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.

When designing and outfitting a facility, 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, attractive areas for activities and socialising, and cosy, quiet spaces where residents/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 easily accessible by residents/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 accustomed 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 and/or therapeutic, cultural and entertainment activities organised by facility staff or people selected externally for that purpose; these areas can also be used on a regular basis for local sporting or cultural associations involved in programmes sponsored by the facility (see Chapter 4.8.4.2).

These criteria, which are absolutely essential for pleasant living conditions and individual well-being, not just for residents/patients/families but also for facility staff, are on the Group's check-list for new building construction.

4.4.3.2 DEFINITION OF A FOOD PLAN THAT ENSURES NUTRITIONAL INTAKE AND GUEST SATISFACTION

45
million meals
served in 2020

Diet and nutrition are crucial factors for the elderly and the frail, and the ORPEA Group, which served 45 million meals in 2020 to its residents and patients, pays special attention to these areas. The Group served fewer meals in 2020 compared to 2019 because of the pandemic; for almost 10 months, whether due to strict lockdowns or visitor restrictions, ORPEA Group's facilities were unable to host family and friends for Sunday lunch and/or celebratory meals, as would normally be the case.

ORPEA has put in place all the requisite resources not only to guarantee food safety but also to serve healthy, high-quality meals that will suit individual preferences:

- Nutritional quality: menus are devised with the medical department, with input from dieticians, factoring in recommendations of the various countries to make sure the meals served meet the appropriate nutritional standards. In France, for example, teams follow the recommendations made by ANSES (French food, environmental and occupational health and safety agency), PNNS (French national nutrition and health programme) and GEMRCN (research body monitoring contract catering and nutrition markets), while in Belgium, they follow the Walloon nutrition, health and wellness plan for the elderly. Each menu is then adapted, if necessary, by the country's medical or healthcare department in conjunction with the Group medical department to take into account local needs and arrangements as closely as possible. The catering plan offered provides variety and a balanced diet throughout the seasonal menu cycles. In addition, a personalised nutritional programme is drawn up by the care team for each resident/patient taking into account their needs and their tastes. Risks of undernutrition are monitored, and textures and diets can be tailored accordingly. Diet and hydration are monitored on a daily basis at each mealtime.
- Individual preferences: diet is included in the person's life plan, in parallel with their care plan, to provide meal choices based on their tastes and preferences, rather than on what they cannot eat (either because they don't like it or it is not permitted). In addition to the menus developed by the Group's teams of experts, each culinary team strives to prepare meals according to local customs to be more in keeping with what the person is used to.
- Food quality: the Group's catering department considers quality as a purchasing criterion in its own right for food products. Accordingly, it prioritises companies with their own ISO-type quality programmes, and products with quality labels such as *Bleu Blanc Cœur* and *Label Rouge* in France, and AOC and AOP in European countries. It also takes into account the origin of products. In parallel, the risk arising from the presence of allergens (INCO standard) in preparations and/or products from listed suppliers is identified, and an information sheet is made available to keep consumers fully informed.

Because nutrition is an integral part of care and quality of life, ORPEA has always been committed to ensuring that special attention is paid to the quality of the meals served, regardless of when or where they are served. Each year, the satisfaction barometer precisely measures the satisfaction rate of customers with the quality of the meals. In 2020, 87% of customers expressed satisfaction with the quality of the meals served in ORPEA facilities. This rate is slightly lower than in 2019 due to strict conditions imposed under Covid-19 which meant that facilities were unable to make the meal service as convivial as usual. In fact, for many months, meals had to be served in rooms, limiting opportunities for people to meet up and chat during these popular times of the day.

	"Meal quality" satisfaction index
2019	88%
2020	87%

4.4.3.3 IMPLEMENTATION OF EDUCATION AND PREVENTION PROGRAMMES TO MAINTAIN THE AUTONOMY OF RESIDENTS AND PATIENTS

Health education or psychological education programmes have been developed for patients (and sometimes also opened to their friends and family) by all the Group's clinics in France, both in Psychiatry and in post-acute care and rehabilitation, in 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 the well-being of patients 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 cancerous conditions. There are also comprehensive programmes that involve early intervention with the elderly 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.

One such example is CLINEA France's "PREVaction" health education and prevention programme, which was introduced in 2020 in its hospitals. The programme will be rolled out at an additional 15 CLINEA facilities in 2021. Further programmes will be developed by CLINEA to expand the scope of prevention to populations other than the elderly.Some hospitals have gained patient therapeutic education accreditation from the French regional health authority for their prevention programmes. A total of 30 programmes have been accredited in France.

In addition, the Group's psychiatric hospitals have enriched this programme by engaging in an innovative approach to transferring skills to patients so that they are able to become autonomous in the management of their illness and treatment. For example, in France, clinics have an active approach to recruiting "peer-helper" patients. These are former patients who have recovered and received university training to acquire theoretical and practical knowledge about their illness, which enables them to participate in the construction and delivery of care programmes (bipolar disorders, schizophrenia, depression, addiction, and so on).

Building on these experiences, ORPEA now intends to expand these prevention pathways to all countries, as the numerous initiatives already established in Austria, Germany and Spain attest.

4.4.3.4 INNOVATION IN CARE PRACTICES AND THE SHARING OF BEST PRACTICES FOR GREATER WELL-BEING OF RESIDENTS AND PATIENTS

As part of its innovation policy, ORPEA has always been committed to identifying new projects and/or solutions to improve the well-being of the people in its care. Innovation project teams work closely with sector experts to develop solutions for patient/resident well-being.

CSR OBJECTIVE FOR 2023

The ORPEA Group has set itself the goal of rolling out three innovative programmes Group-wide, aimed at enhancing the well-being of residents and patients. These programmes are included in ORPEA Group's Open Innovation policy road map (see Chapter 4.7.2).

ORPEA Excellence Awards

Because the culture of well-being is the key focus of on-site teams, every year ISEC (International Scientific and Ethics Council) organises the ORPEA Excellence Awards to pay tribute to Group teams that have devised 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 sixth edition of the ORPEA Excellence Awards, teams from eight countries (France, Germany, Austria, Belgium, Spain, Poland, the Netherlands and Portugal) submitted 27 projects for consideration. Despite the public health crisis that facilities had to contend with in 2020, the number of projects submitted this 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 awards ceremony honoured the following winners, reflecting the ORPEA Group's interest in quality of life and well-being, regardless of the stage of the person's care:

"Clinical Ethics" category	"Innovation in Care" category	"Research" category
The 2019 ORPEA Excellence Award went to **Haus-Edelberg de Kernen** Nursing Home in Germany for its intercultural workshop on death and the end of life: "Giving days more life-culture".	This year the judges awarded the prize to **Clinique du Château d'Herblay (CLINEA SSR France)** for its PREVaction programme, a comprehensive strategy for health education and prevention. The programme, which is delivered in this outpatient hospital, is designed for people over the age of 75 who are still able to live independently and gives them the tools to take charge of their health and preserve their remaining abilities. **+ two honourable mentions:** • Home chemotherapy treatment, supported by the Allerzorg Home Care teams in Woerden, the Netherlands. This programme aims to improve the quality of life of the very elderly and those with reduced mobility by offering them home chemotherapy care so they don't need to travel to a hospital. • "EM Table©" passive horizontal stimulation to improve the quality of life of people with reduced mobility, a project led by the Spanish teams of the ORPEA Mirasierra rehabilitation facility in Madrid.	ORPEA France (Flavien Quijoux) won the award for its research programme entitled "POSTADYCHUTE". The programme features a predictive tool that assesses the risk of falling for an elderly person placed in an institution. This doctoral dissertation in neuroscience, backed by ORPEA France's medical department in collaboration with the Centre Borelli (UMR9010, CNRS, INSERM and French Defence Health Service), analyses static equilibrium to identify predictive markers of risks of falling for the elderly. It will be continued with the creation of groups engaging in physical activities tailored to the abilities of the selected residents, for whom the benefits will be confirmed by analysing posture and gait.

ORPEA has always endeavoured to promote the sharing of best practices Group-wide. Its aim is for its entire network to reap the benefits of original or 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 magazine for its teams to get the message across and share these insights. In France, "Ensemble" (Together) is published every quarter; in Switzerland, "SENEVITA Post"; in Belgium, "ORPEA Magazine"; in Austria, "SENECURA Inform"; in Czech Republic, "SENECURA Magazine", in Germany "Hauzeitung", in Poland "ORPEA Press"; and in Italy "Con Noi".

Naturally, the Quality programme and the tools rolled out Group-wide contribute to these efforts. The regional Quality officers 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.

This year, ISEC is adding a new element: international workshops designed to speed up the implementation of these innovations across the Group while encouraging the sharing of experience and best practices. The workshops will bring together each team of winners and the ISEC members, who will model the approaches and protocols needed for a successful implementation in all the Group's countries of operation.

ORPEA EXCELLENCE AWARDS 2020: 27 ENTRIES FROM 8 COUNTRIES

Clinical Ethics category

1. Emotional Stimulation Programme: *Emoción-Arte* (ORPEA Aljaraque, Spain)
2. Taking Care of the Caregiver (ORPEA San Fernando de Henares, Spain)
3. GDML_*culture Project* (Giving days more life-culture) (Haus Edelberg Seniorenzentrum Kernen, Germany)
4. *Mise en place d'un Contrat de Soins à l'admission d'un patient en état de conscience minimale dans le service EVC (État végétatif chronique)/EPR (État paucirelationnel)* [Implementation of a Care Agreement when a patient is admitted to the PVS (persistent vegetative state)/MCS (minimally conscious state) unit.] (CLINEA Clinique du Pont de Sèvres, France)

Research category

5. Depression Alert (NH Honorata, Chorzów, Poland)
6. Seroprevalence of SARS-CoV-2 Specific Antibodies Among Residents and Healthcare Workers in 38 nursing homes in Spain (ORPEA Ibérica Headquarters, Spain)
7. Postadychute — Development and approval of a predictive tool for assessing the risk of falling in the institutionalized elderly person (ORPEA EHPAD Headquarters, France)

Innovation in Care category

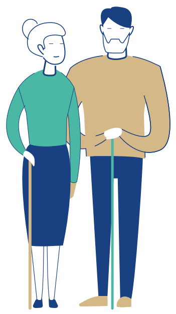
8. Chemotherapy treatment at home (Homecare Dept, Woerden, Netherlands)
9. Joint success through uniform appearance and good manners — Ensuring satisfied residents and relatives at the Rust SENECURA Social Centre (SENECURA Rust, Austria)
10. Home Sweet Home (NH Konstancja, Bielawa, Poland)
11. Let's go on a (virtual) trip (NH Honorata, Chorzów, Poland)
12. You can do it! (Marianna Rehabilitation Clinic, Majdan, Poland)
13. 2020 Theatre Class (NH Antonina, Piaseczno, Poland)
14. Two Seniors (Residencia Flavicórdia, Chaves, Portugal)
15. InterORPEA (ORPEA Ciutat Diagonal, Spain)
16. EMTable® — Benefits of Passive Horizontal Stimulation (EMTable©) on the Quality of Life of Users with Impaired Mobility (ORPEA Madrid Mirasierra, Spain)
17. ESCAPE ROOM SANTÉ [WELLNESS ESCAPE ROOM]: *Prévention des facteurs de risque de l'obésité* [Preventing risk factors for obesity] (CLINEA Princess, Pau, France)
18. PREVaction (CLINEA Château d'Herblay, France)
19. Day group — a special care offer for residents with caregivers in an inpatient facility (Seniroresidenz Simeonsglacis, Allemagne)
20. Stopping cessation in the context of inpatient psychiatric rehabilitation (SENECURA Wildbald, Austria)
21. Knee Arthroplasty — transparency creates a good relationship (CELENUS/Inoges Offenburg, Germany)
22. Village Carina (Village Carina, Brussels, Belgium)
23. *Mise en place d'une astreinte médicale de nuit en EHPAD* [Establishment of a medical night-time on-call service in nursing homes] (Medical department France, France)
24. Vibesound (Résidence Saint-Quentin de la Tour, Saint-Quentin, France)
25. Life+ (Résidence Saint-Rémy-lès-Chevreuse, France)
26. METs Up: Activity Lab (CLINEA Le Lavarin, France)
27. VieConnect (e-novea, France)

1,000 Smiles initiative

Throughout the pandemic, facility staff, whether or not they were caregivers, worked tirelessly to combat Covid-19. Despite all the care and attention of the teams, it was still a trying time for residents and patients, who were often in isolation and not always able to see their loved ones in person because of the public health measures.

In the face of adversity, however, the teams never ceased to come up with creative initiatives to keep everyone — residents, patients and staff alike — smiling. The ORPEA Group wanted to use its 1,000 Smiles initiative to highlight and show its appreciation for all these inspirational projects carried out by the teams with residents and patients.

4.4.4 MAINTAINING A TRANSPARENT DIALOGUE WITH RESIDENTS, PATIENTS AND FAMILIES TO SATISFY THEIR EXPECTATIONS



250,000
patients and residents
looked after in 2020

Facility managers' main concern is to maintain an ongoing dialogue with residents/patients and their families so as to meet their expectations, answer their questions and provide the best possible care plan.

This dialogue and transparency gives residents/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 aspect of giving prevention pride of place over the long term and also of respecting the choices made by residents/patients. As part of this approach, ORPEA's teams always take the time to explain the care and treatment they are giving to residents/patients so that they can freely make their own decisions. Their consent is systematically requested for all courses of treatment.

At the same time, various measures have been introduced Group-wide to make sure they are listened to attentively and compassionately, and put the individual at the centre of the Group's concerns.

4.4.4.1 SPECIAL ATTENTION PAID TO COMPLAINTS

Special attention is paid to complaints expressed by patients/residents and their families, their treatment and monitoring over time; in each country, a procedure has been established for the treatment and monitoring of customer complaints. All complaints, regardless of their level of importance, are systematically discussed with the resident/patient or his/her family and answered in writing. Major complaints are reported to the Group's management. The continuous quality improvement process is effective, with a low rate of complaints in 2020 (0.54%: number of complaints in relation to the number of residents and patients admitted in 2020). Regular, transparent communication with residents/patients and their loved ones during lockdown periods in 2020 (introduced because of strict public health measures) significantly reduced the number of complaints received by the facilities. In fact, in the satisfaction surveys, residents and families made particular mention of the quality of the information provided.

	Complaints rate
2019	0.4%
2020	0.5%

4.4.4.2 ACTIVE LISTENING THROUGH REGULAR SATISFACTION SURVEYS

Satisfaction surveys are organised site by site, in all countries, in hospitals, nursing homes and DOMIDOM, ADHAP and Spitex home care units alike. In hospitals, these surveys are conducted when patients are discharged, and in 2020, nearly 60,000 patients responded to satisfaction surveys with an average satisfaction rate of 85%. In nursing homes, the surveys are conducted annually, and the results and improvement plans drawn up within each facility are presented to residents and their families.

In 2020, the satisfaction survey was conducted with over 52,000 Group nursing home residents and their families by an external, independent firm, Gedivote, which specialises in survey processing. More than 56% of residents and their families responded. Over 92% of respondents said they were satisfied or very satisfied, and over 95% would recommend an ORPEA facility to family or friends.

	Number of respondents	Response rate	General satisfaction rate	Recommendation rate
2019	30,000	57%	92%	94%
2020	29,000	56%	92%	95%

4.4.4.3 CONSTANT DAILY DIALOGUE

Facility management teams are always on hand thanks to the Group's centralised organisation. They also make sure their staff are attentive to every individual's needs and expectations. Constructive dialogue is maintained in all facilities in all countries through:

- committees (menus, events and entertainment, etc.) and residents' councils (known in France as "*Conseils de la Vie Sociale*"), which are composed of representatives of the management, residents and families to discuss various themes such as organisation and daily life within the facilities, socio-cultural activities and therapeutic activities, plus construction work and new equipment planned, and maintenance aspects;
- user representatives in hospitals from accredited healthcare associations, who sit on the Users Committee, and whose role is to ensure the rights of users are respected and to contribute to the improvement of the accommodation and care policy by reviewing complaints made by patients and user satisfaction indicators.

However, the 2020 public health crisis dramatically changed the way the facilities operate.

From the very onset of the crisis, between lockdown periods and visitor bans or restrictions due to government regulations to limit the risk for populations in care facilities, the ORPEA Group made sure to communicate regularly and transparently with the families and loved ones of the people in its care. It was important never to consider the imposed isolation as a requirement brought on by the pandemic, but rather as a reason to implement practical measures that would maintain the bond between the person and their entourage at all costs. These measures included:

- regular, accurate information for relatives through letters and emails regarding the facility's situation vis-à-vis 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 ties: tablets, video calls, communication apps (messages, photos, etc.).

As part of its commitment to ongoing dialogue and transparency, the ORPEA Group conducted a survey among residents' families and friends, on top of its annual satisfaction survey, to gauge their view of how the Group had managed the crisis.

A total of 37,000 questionnaires were sent out in digital format and 16,000 responses were received. The results showed that 92.5% of families were satisfied with the quality of the measures introduced and information provided on what was being done to protect the residents. This attested to the care and attention paid by the facilities to both the content and frequency of communications.

CSR OBJECTIVE FOR 2023

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 ties that are such a vital part of caring for residents and patients.

4.5 Providing a supportive environment for employee development

OVERVIEW OF CHALLENGES

In light of current and future demographic and social challenges, the quality, availability and commitment of employees play a key role in the Group's success. ORPEA builds its development and reputation on the excellence of the services offered within its facilities. Thus, ORPEA is developing an ambitious internal policy for the purposes of:

- mitigating recruitment difficulties and curbing staff turnover, especially among medical and paramedical professionals under pressure, guaranteeing coverage of a full spectrum of care requirements for residents and patients, putting the business on a sustainable footing and fuelling the Group's expansion;
- safeguarding the well-being, health and safety of employees in the context of working conditions that respect a work/life balance;
- strengthening career development within the Group to promote talent retention;
- maintaining an employee dialogue that is as conducive as possible to the stability of staff and facilities, in compliance with local regulations and procedures in force;
- making diversity and inclusion a factor of ORPEA performance by giving everyone — with their own individual skills and values — a chance to shine, irrespective of gender, age, origins and initial level of training.

To meet these challenges, the Group human resources department works closely with the HR managers in the Group's host countries to ensure that the policies implemented are aligned as much as possible with local conditions.

4.5.1 GROUP PROFILE

ORPEA has adopted a largely people-centred policy based on forging local connections where managerial excellence remains a key focus. Well-being at work is another priority under the Group's HR policy, as it aims to provide all its employees with working environments in which they can all thrive, grow and reach their full potential.

4.5.1.1 ITS VALUES

ORPEA's values are first and foremost a reflection of our senior managers' vision of how to move the business forward towards a common goal. On a daily basis, these values inform all employees' decisions and help to establish trust among all the stakeholders, including residents and patients, those looked after in their homes, suppliers, service providers, partners and public authorities, shareholders, investors, lenders, civil society and the environment.

Today, against a backdrop of strong international growth, ORPEA, through the Code of Conduct distributed in 2018, reaffirms the values and principles that must continue to guide all employees in their daily relationships with all stakeholders in the Group's activities.

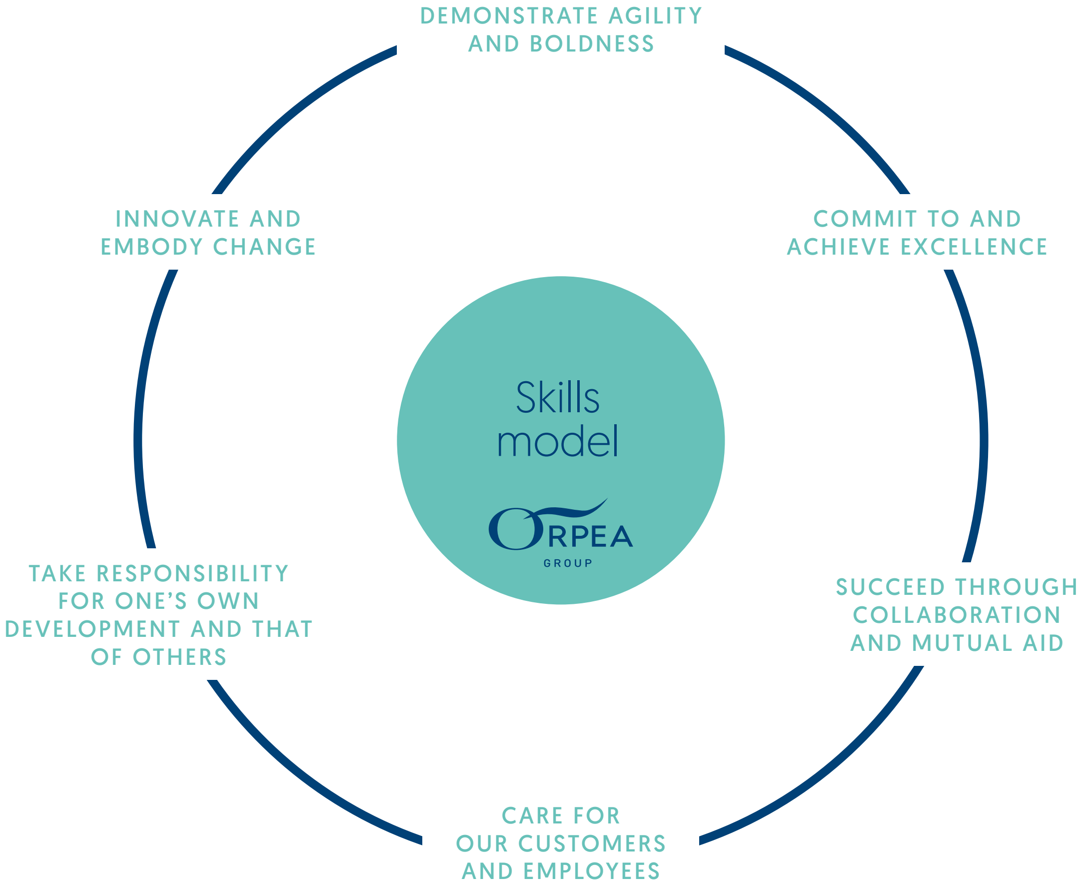
Professionalism For all teams, displaying a professional approach means combining solid professional skills with an acute sense of responsibility and an unwavering commitment to quality of service. Every individual is required to meet this standard by demonstrating a rigorous approach and commitment in their work, and it also applies collectively to all employees — a requirement met through effective procedures, quality policies and training policies.	**Loyalty** The Group firmly believes that loyalty is essential for maintaining healthy and sustained relationships built on trust with all the stakeholders, which is an essential element of the Group's long-term success. This loyalty fosters a high level of integrity and exemplary behaviour, honest and open discussions, and respect for the commitments given to partners, who are expected to uphold the same standards.
Compassion The well-being of all patients and residents looked after in the Group's facilities and all those supported in their homes by the home care services is a top priority. This well-being is predicated on high-quality treatment and accommodation, and on building trust with vulnerable people and their families that the Group cares for on a daily basis. This relationship is based on a daily commitment to positive treatment i.e., treatment that is respectful, empathetic and always compassionate.	**Humility** *"Humans are imperfect, and dependent beings, who unceasingly aspire to something better and greater".* This quote by philosopher René Descartes resonates with the Group's approach to its business. People are at the very centre of its business, and so it is essential to address their imperfections. That is the insight that guides the Group's employees' pursuit of continuous improvement and their responsive and creative solutions to the challenges they encounter in their daily tasks.

4.5.1.2 ITS MODEL

In 2019 the Group set itself the goal of enhancing "behavioural skills" in line with its values. These skills, which can be observed on a daily basis, are crucial in the exercise of a care and service profession. Caring for residents and patients requires as much technical know-how as "behavioural skills", regardless of function.

The ORPEA Skills Model, a framework that applies to all Group functions and countries, comprises six core competencies. Jointly created by teams from Group human resources and operations, the model serves to underpin all HR processes and support employees throughout their careers within the ORPEA Group.

■ ORPEA Skills Model



The model reflects the Group's values throughout the company and underpins all standards of its activities with regard to:

- **Quality**, through a continuous improvement approach to practices within a facility for optimal care of vulnerable individuals;
- **Ethics**, by promoting attitudes and behaviours that allow for collegial decision-making and the implementation of solutions that adhere to core ethical principles;
- **Social policy**, through proactive initiatives to support employees in their development, with investment in certification-based training.

4.5.1.3 KEY FIGURES

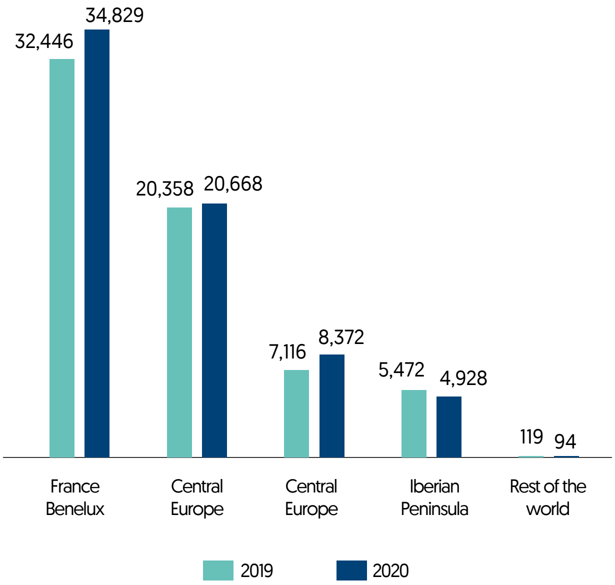
Workforce and working hours

The Group's total workforce, including employees working at its headquarters, in its care facilities, nursing homes, hospitals and home care services, stood at 68,891 at year-end 2020, or 3,380 employees more than at year-end 2019. Of these, 61% were staff directly involved in care (doctors, nurses, care workers, physiotherapists, psychologists, and so on). This increase is partly attributable to the opening of new facilities and partly to the acquisitions made by the Group in 2020.

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the World	
Indicator	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Workforce*	68,891	65,511	34,829	32,446	20,668	20,358	8,372	7,116	4,928	5,472	94	119
Permanent contracts	80%	79%	81%	82%	76%	75%	85%	85%	85%	77%	7%	7%
Fixed-term contracts	20%	21%	19%	18%	24%	25%	15%	15%	15%	23%	93%	93%
Full-time	58%	60%	70%	72%	36%	37%	49%	48%	88%	86%	100%	100%
Part-time	42%	40%	30%	28%	64%	63%	51%	52%	12%	14%	0%	0%

* *Individuals employed at 31 December with all types of contracts.*
The concept of manager/non-manager exists only in France and represents 12% and 88% respectively.

Change in the breakdown of employees by geographical region between 2019 and 2020



ORPEA pursues a consistent policy that aims to give all its staff job stability and security in all the countries in which it operates. This policy encourages sustainable (generally permanent) contracts in countries where this is the norm, such as France and Spain.

Despite the unprecedented nature of 2020, contract types were relatively unchanged from 2019. For example, the percentage of employees working full-time and on a permanent contract was 58% and 80% respectively.

Fixed-term and other types of employment contracts are also used but are restricted in law to specific situations. This type of contract is more prevalent in the healthcare and people-based services sector, which requires 24/7 availability, than in other business sectors. Fixed-term contracts are invariably used to replace employees on leave of absence, in particular maternity leave (82% of the Group's employees are women), or to cope with unexpected absences. Part-time work is also very often used for greater support at the peak times of the day (care, meals), which was the case in 2020. Although fixed-term contracts are essential, permanent contracts are still the priority.

In some countries, full-time working and permanent contracts are not so entrenched in working practices, particularly when it comes to first-time hires. Furthermore, for professions where there are staff shortages, ORPEA has to adapt to the very specific demands of some categories of staff who may prefer fixed-term contracts. Use of temporary employees is marginal and confined to exceptional one-off needs, mainly due to emergencies, to ensure the continuity of care provided by nursing staff, for instance.

Turnover rate

The turnover rate includes both the number of employee departures and the number of new hires. It is therefore higher in geographical regions where ORPEA is experiencing strong growth (for example, a newly opened facility for which a large number of employees need to be recruited). In 2020, during the public health crisis, the Group's turnover rate fell from 22.8% in 2019 to 20.4%.

In a society where mobility has become the norm, supporting and developing staff will be a crucial issue for the ORPEA Group in the coming years. The goal is to ensure that each employee has access to a new position and/or new assignment in line with their personal and professional aspirations.

At the same time, an offboarding policy will soon be introduced throughout the Group to better understand and anticipate the reasons for employee departures. This follows the example of the Iberian Peninsula region, which conducts surveys on why employees voluntarily leave the company.

Absenteeism rate

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the World	
Indicator	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Absenteeism rate	9.1%	8.0%	10.0%	8.7%	7.8%	7.1%	6.1%	6.7%	14.0%	9.5%	3.9%	1.1%

The absenteeism rate was higher in 2020 because of the pandemic, since the priority was to keep everyone — residents/patients and employees alike — safe. Strict health-related protocols for staff (temperature checks, monitoring of potential "contact cases", screening campaigns, periods of isolation/quarantine, all while observing medical confidentiality) combined with country-specific government measures (school closures, and so on) meant that most countries experienced periods of higher absenteeism.

Remuneration

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the World	
(in millions of euros)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Remuneration	2,305	2,144	1,328	1,222	617	594	242	212	116	113	2.1	2.2

To thank its employees for all their efforts and dedication during the pandemic, ORPEA paid all facility-based staff a one-time bonus on top of the government bonuses.

4.5.2 INCREASING THE GROUP'S ATTRACTIVENESS THROUGH A DYNAMIC RECRUITMENT POLICY

Attractiveness is an issue shared by the entire sector; for ORPEA, it is a priority driven both by the Group human resources department and local senior management. With its development policy and opening of new facilities, ORPEA is a major contributor to the local economy, creating many sustainable jobs each year which, by definition, cannot be transferred abroad. The vast majority of the ORPEA Group's vacant positions are for permanent jobs in medical, nursing care, residential and catering services or administrative departments.

As part of the digitisation of all its HR processes, the Group has prioritised the development of recruitment tools and practices to improve both the candidate experience and in-house human capital systems. In a bid to continually improve and optimise its visibility and its impact as an employer, the Group has expanded its dissemination channels and partnerships around the world. This will allow it to have a more aggressive recruitment policy on an ongoing basis.

4.5.2.1 BOOSTING THE "EMPLOYER" DIGITAL PRESENCE

As a result of their digitisation, HR procedures have been harmonised and optimised, leading to greater visibility of job offers on key specialised platforms. At the same time, the Group has launched an active communications campaign on social media, which is helping to develop its attractiveness.

Tools and practices: digital technology geared towards recruitment

To address the increasingly strategic challenges of developing human capital, the Group has initiated a process of continuous enhancement of its HR tools and processes to help its in-house teams and improve the candidate experience.

In an Open Innovation approach, the Group has established an ecosystem of HR start-ups. Partners are selected and assessed through a dedicated Innovation governance structure with pilot phases directly linked to operations to ensure that the solutions deployed will be tailored to the expectations of the various activities (see Chapter 4.7.2).

The Group is thus positioned at the forefront of its sector so it can meet the constantly changing requirements of applicants and, more particularly, of the new generations. The Open Innovation initiative also ensures a forward-looking watch when it comes to approaches, practices and technical solutions, allowing the Group to respond more proactively to recruitment challenges.

The Group keeps a constant lookout for new players that can help with its attractiveness and talent acquisition. This has led to the development of a "Recruitment Toolbox", which lists all the tools available to the Group's countries of operation that can assist them in the five key stages of recruitment — connecting, sourcing, assessment, recruitment and onboarding.

All countries receive customised support tailored to their specific context so they can deploy the tools they need to meet their recruitment challenges and provide applicants with an optimal experience.

In France, the Group uses the Hublo app to quickly find replacement care workers in an emergency. The app allows facilities to contact prequalified applicants directly. To date, more than 10,000 candidates are registered on this platform.

The Group is continuing the gradual roll-out of a digital recruitment solution (HRIS) via TalentSoft to improve the candidate 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 Open Innovation process was launched in Germany, Portugal and Poland, also in 2020.

Social media and digital marketing

The human resources digitisation strategy is also implemented through targeted media marketing campaigns or programmatic recruitment campaigns, particularly in Germany and France (care workers and nurses are sought through a job aggregator, for example), generating a significantly higher volume of applications for current jobs.

At the same time, the My Job Glasses solution will be deployed firstly in France and then internationally. Through this platform, employees become ambassadors and forge close relationships with young talent by directly answering their questions about ORPEA's core businesses.

Lastly, all geographical regions are making greater use of social networking sites such as LinkedIn by publishing targeted advertisements on the company's "careers" page, as well as recruitment platforms such as Indeed, which has a company page, and Jobteaser, a job site dedicated to young talent. Facebook is also used locally, such as in Belgium, Poland, Czech Republic and France.

In 2020, ORPEA stepped up its presence on social media in all countries. It continually promoted its core businesses, employees and latest news through a controlled editorial line. By promoting jobs in health care, these campaigns also help to sustain awareness of the ORPEA brand and its image. Views of the employer pages on LinkedIn, for example, increased by more than 50% in one year.

4.5.2.2 STRONGER PARTNERSHIPS

Partnerships with professional bodies and training schools

The Group's partnership policy is applied at all levels: local, national and international. As a result, a systematic approach of mapping potential partners such as training institutions (mainly for healthcare), associations or other bodies has been adopted to "source" potential candidates. In France, national partnerships have been signed with France's apprentice training centres (CFAs), the French Red Cross, the national federation and national association for apprenticeships in the health care industry (FNAPPS/ADAFORSS), and the French non-profit training and education organisation MFR. The aim is to offer those studying for a career in nursing or as a care worker the opportunity to intern at a Group facility close to their place of learning. In Germany, local and regional partnerships have been set up with 160 schools. The ORPEA Group has also formed partnerships with companies specialising in the recruitment of care workers internationally, particularly in Germany and Austria.

The Group directs its HR policy towards identifying potential high-flyers and/or rare talent, by forging partnerships with renowned training schools and universities such as HEC (*École des Hautes Études Commerciales*). This partnership also enables 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 HR department of all of the Group's various geographical regions in response to local needs and realities. When it comes to the positions of assistant manager or manager of a facility, ORPEA has established strong partnerships with renowned universities and schools in France: Université Sorbonne, INSEEC Bordeaux, ISEAM, Groupe IGS, Université Paris Léonard de Vinci, and Université de Nice Côte d'Azur.

Social commitment through cooperation with local players

The countries in which the Group operates are also working with local job agencies, since unemployment has risen sharply in some regions as a result of the pandemic. In Belgium, for example, there have been multiple local and national initiatives to train or redirect employees from other sectors to the healthcare sector (particularly nurses and care workers). In Austria, ORPEA is working with the national employment agency to organise and finance training for the nursing profession. Practical training and work experience days take place in the Group's facilities. The campaign was promoted through online and offline advertisements and is continuing in 2021 under the name "Care as an opportunity". In France, similar initiatives are being pursued with "*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).

4.5.2.3 STRUCTURING AND OPTIMISING THE EMPLOYER IMAGE

Attractiveness and image are important factors for the Group. All initiatives that will raise ORPEA's profile are encouraged and shared within the geographical regions at meetings of the Group HR departments. These meetings are arranged several times a year by the corporate HR department.

The corporate HR department launched a communication campaign designed to promote ORPEA's core businesses internally (commitment, loyalty) and externally (recruitment, attractiveness) and foster pride in being on the ORPEA team. Based on the principle of a Group campaign, 74 people from 21 different core businesses in six facilities (in Spain, Germany, Austria and France) were interviewed. The campaign made it possible to put in place communication tools consisting of videos, photos, testimonials from all of the employees encountered, and a hundred or so verbatim statements by theme about ORPEA values and the quest for meaning. All of these communication media were adapted for and made available to each geographical region so that the Group's values and core businesses could be promoted in an appealing way.

Numerous initiatives are also conducted within the geographical regions in conjunction with local stakeholders to position ORPEA as an expert in the care of vulnerable individuals. These include participation in symposiums and conferences reserved for the medical profession. Involvement in local charitable events (sporting and fundraising events, twinning with primary schools, and so on — see Chapter 4.8.4) also helps raise the Group's profile in its area.

THE ORPEA FOUNDATION: CREATION OF A NETWORK OF EMPLOYEE AMBASSADORS

The ORPEA Foundation in France was launched in 2019. The goal is to support projects carried out by non-profit associations in the field of education and health through financial and skills sponsorship. To ensure outreach on a national scale, the Group has created a community of employee ambassadors who support and are fully committed to the Foundation. The Group's desire to strengthen and create ties is thus shared both internally and externally.

13,674
employees
hired on permanent contracts in 2020

These actions allowed the Group to recruit a total of 13,674 permanent staff in 2020, compared with 14,292 in 2019 and 11,693 in 2018. To cope with an increase in absenteeism, the Group's priority in 2020 was to maintain the existing teams and make up for any temporary absences.

■ Change in permanent contract recruitments by geographical region between 2019 and 2020

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the World	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Staff hires (on permanent contracts)	13,674	14,292	6,171	6,822	4,211	4,557	2,280	1,721	1,012	1,192	0	0

4.5.3 MONITORING THE HEALTH, SAFETY AND WELL-BEING OF EMPLOYEES

The ORPEA Group has developed an ambitious strategy to enhance working conditions and make quality of life in the workplace a strategic priority. Patients entering the facilities are at an increasingly advanced age and state of dependency, which makes caring for them more challenging for staff. In 2020 there was the added challenge of managing the health crisis, with the constant concern of protecting employees' health and safety.

4.5.3.1 PROMOTING SAFETY IN THE WORKPLACE

Aware of the human and economic issues at stake, ORPEA has for some years been strengthening its "Occupational Health and Safety" policy, which is based on ensuring collaboration between employees, representative bodies and Group management.

The methodological approach implemented by the Group follows the proven pattern of identifying at-risk work situations, analysing the causes and developing remedial action, all of which is monitored by operational or cross-functional management teams.

The resources deployed focus on priority areas: organisation of work including the appointment of a safety officer, technical resources available to health professionals, targeted training, and building architecture.

Organisation of work

The day-to-day work pattern alternates between periods of activity and mandated breaks. All department heads are tasked with assessing the physical workload so that it can be distributed fairly between staff. This ensures that best practices are observed, staff work cohesively and occupational hazards are prevented.

Work schedules comply with requirements to apply local contractual rules and/or legal regulations and provide continuity of care. They are drawn up according to the various rules of the jobs performed within the facility. There are two main schedule types: shift schedules, mainly covering care jobs, and weekly schedules, which are used mostly for jobs in administration or logistics.

The schedules are given to employees several weeks in advance and allow for a proper work-life balance.

Any schedule changes are discussed between facility management, employees and staff representatives.

Appointment of a safety officer

In most geographical regions, there is a safety officer or risk prevention department at the facilities and/or the region's administrative head office. Within a facility, the safety officer works in tandem with the facility manager on all "Occupational Health and Safety" issues. Safety officers are the main contact for the facility's operational staff and are responsible for developing the policy for preventing occupational hazards under the guidance of the operations director. These officers assist with the implementation of preventive measures aimed at employees most exposed to occupational hazards. In connection with their duties, safety officers may also be required to undergo special training by an approved external body.

Technical resources

Special equipment, particularly medical apparatus (mobile devices to assist with mobility, ceiling hoists, spa baths, and so on), reduces or eliminates work-related physical load and improves the comfort and safety of employees and patients/residents.

Employees are trained in the use of this equipment, which is adapted to their needs. Senior managers employ a policy of supporting health workers in the use of available apparatus to make sure it is not under-used.

Amending work practices is a goal shared by all managers and is the key to successfully preventing musculo-skeletal disorders.

Targeted training

During their onboarding, all facility managers learn about the Group's training culture, which is the driving force of improving practices and quality of care. A number of new training courses have been added to ORPEA's training programme in recent years aimed at helping employees prevent occupational hazards.

These courses fall into several categories:

- prevention of musculo-skeletal disorders: training is based on acculturation to occupational physical risk and applies to care workers, paramedics and managers;
- prevention of infection risk: training is based on a reminder of best practices in the care environment and is aimed at increasing the skills of all health professionals. This type of training proved invaluable in the context of the recent pandemic;
- prevention of emotional risk: theme-based training that addresses all the "emotionally distressing" workplace situations with which care workers are confronted, such as pain, end of life, care of people suffering from cognitive disorders, behavioural disorders, and suicide.

This training is offered in all of the Group's host countries and gives employees greater knowledge and understanding of "Occupational Health and Safety" practices. Information is also circulated to all employees about the importance and necessity of continuous professional development throughout their careers.

Building design

Consideration must be given to preventing occupational hazards as early on as possible. The issue is therefore raised 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.

Parameters are built into the specifications of all new facilities, such as building standards tailored to people with disabilities, rooms of adequate size and equipped with rails, and premises suited to logistical activities. Specific studies are also conducted into all the heavy infrastructure required to ensure smooth-flowing circuits and easy circulation of people and equipment: number of lifts and floors served, location of logistical services, and so on.

To promote occupational well-being, staff areas are designed for relaxation as well as socialising during meal breaks.

Emergency procedures

As part of its employee health and safety efforts, the ORPEA Group has drawn up and distributed a list of procedures to be followed by staff in an emergency. Training in all these emergency procedures is conducted on a regular basis so that staff are fully aware of how to respond in the event of an emergency. 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. First aid and medical equipment (first aid kits) is available at all facilities and staff are trained in emergency procedures should a problem occur. There is also an alert and on-call procedure.

Special Covid-19 measures

The entire Group was able to come together during the Covid-19 crisis to monitor and support the teams; task forces were set up at all levels: at head office in France, at the head offices of the geographical regions and at the facilities. This arrangement allowed specific staff protection measures to be coordinated and implemented in a timely manner, albeit to varying degrees depending on the level of the health crisis in the host country.

1. Health and safety protocols and work instructions adapted to biological risk.
2. Covid-19-specific mini-training sessions conducted online for all employees.
3. E-learning in hospital hygiene and infection risk management for doctors, nurses and care workers.
4. Distribution of personal protective equipment from day one (masks, gloves, etc.) and specific training in their use (backed up by poster campaigns, etc.).
5. Deployment of serological tests and regular tests for employees (PCR and antigen) before each shift and on return from holiday.
6. Psychological and medical assistance provided by experts: telephone helpline, mini discussion groups, appointment of a representative at each facility, etc.
7. Internal health and safety audits to verify the risk prevention measures introduced and the implementation of an individual emergency plan.
8. Ongoing workplace dialogue with facility health and safety representatives and trade unions.
9. Support-related communication campaigns for facilities, conducted by ORPEA's general management and the managers of the geographical regions and HR (via social media, regular meetings, etc.).
10. Financial compensation measures: bonuses, coverage of commuting costs in the absence of public transport, coverage of meals and sometimes accommodation costs where necessary.
11. Wide-scale remote working whenever possible (mainly for support functions at head offices).
12. Implementation of measures designed for well-being: yoga classes, massages, distribution of fruit baskets, etc.

In a feedback survey arranged in France by an independent employee advisory firm (Korn Ferry), the facilities awarded the Group a score of 8.3/10 for its management of the crisis. Similarly, an internal survey conducted in July 2020 and to which 6,000 employees responded revealed that more than seven out of ten respondents felt supported by their direct line manager, general management and the medical team, and that for most respondents, solidarity within the teams and the Group and the feeling of usefulness played a major role in helping them cope with the crisis.

Workplace accidents (frequency and severity) between 2019 and 2020

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the World	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Frequency rate	37.9	33.9	36.5	50.8	36.6	11.4	29.6	8.5	61.3	49.9	12.4	4.5
Severity rate	1.9	1.2	3.0	2.0	0.8	0.3	0.6	0.3	1.0	1.3	1.0	0.4

Frequency and severity rates increased in 2020 due to the health crisis. In 2020, many countries (such as Italy, Germany, Switzerland and Austria, but not France) considered that lost time due to Covid should be counted as a workplace accident. The very definition of a workplace accident, its reporting and the conditions for it to be recognised as such depend on national legislation.

CSR OBJECTIVE FOR 2023

ORPEA is stepping up its commitment by targeting a 15% reduction in workplace accidents compared to 2020.

4.5.3.2 PREVENTING PSYCHOSOCIAL RISKS

Facility managers 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 arranged every year.

In 2018, a specific module on “Understanding and managing a facility by forward planning to prevent psychosocial risks” was developed and delivered very successfully in France. In 2019 and 2020, several sessions of this three-day training course were held, to provide integrated and extensive training for managers. Designed by the psychology department, the aim of this module is to give managers the tools they need for properly managing staff under their oversight (performance review meetings, stress management, delegation of skills, meeting facilitation, risk prevention, and conflict management).

To support employees having to deal with emotional distress caused by their work, for over 10 years the Group has had a psychological unit in place known as the “Group Emergency Intervention Unit” consisting of qualified psychologists with special training in facility trauma. The unit began operating in France and, more recently, expanded into Belgium and Switzerland.

The conditions under which the psychologists are called in are set out in a Group procedure. The unit can help to contain crises and adapt interventions on a case-by-case basis. It is completely independent of the client facility, and intervenes as a third party. Implemented via working groups and/or discussion groups, its main goals are:

- to support and help a facility in an emergency situation linked to a violent and potentially traumatic event that disrupts facility life and threatens the emotional and/or physical well-being of members of the facility;
- to contain and deal with the anxiety and resistance among staff;
- to help care teams cope with situations by restoring their collective care capacity;
- to identify people at risk, who are vulnerable and unduly affected by the situation.

However, given the unprecedented situation of the health crisis, a special mechanism was set up to increase the response by the psychological unit and take into account the specific context experienced by all. The psychological unit therefore focused on providing support both during and after the crisis to teams having to deal with this potentially traumatic event.

This was done in a number of ways:

- small group meetings via videoconference and/or telephone with managers and/or teams requesting support;
- psychological support interviews by videoconference or telephone for anyone needing or requesting them;
- discussion groups for teams on-site, when the public health context allowed it (41 groups between March and August in France);
- on-site secondment of a psychologist to support teams over the course of several weeks.

A Group-wide medical helpline was also set up for employees forced to stop work and isolate at home due to Covid-19. Open from 9am to 12 noon Monday to Friday, the helpline was run by the medical department to answer any questions of a medical nature that employees might have about symptoms, care and treatment, and provide advice on managing this illness on a day-to-day basis.

4.5.3.3 NURTURING QUALITY OF LIFE IN THE WORKPLACE

Since its inception, ORPEA has always endeavoured to provide secure environments that also offer a high quality of life in the workplace.

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; 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.

This policy is also applied locally according to local needs and cultures. These efforts meet a number of objectives:

- **work-life balance:** in Austria, employees enjoy flexible working hours based on their situation (parents of young children, older employees), allowing staffing levels to be maintained. In Spain, ORPEA has set up a shift system (7 hours per day plus weekly time off). In France, childcare solutions are offered to new parents under a partnership with Babilou. Taking care of employees' children during a heatwave 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;
- **employee benefits:** in Italy, as part of a policy to promote quality of life, an employee discount programme is being developed whereby selected suppliers sign agreements to offer discounts and other benefits to employees. One such agreement is already in place with Arval for car hire or purchase. An initial agreement has also been signed with Curves, a chain of fitness clubs. In Spain, a digital platform has been launched that lists special offers and sales promotions for ORPEA employees.

In addition, because rewarding and recognising achievements also helps to enhance teams' quality of life in the workplace, every country in ORPEA's network holds internal and/or external competitions, events and staff parties.

In 2020 in France, ORPEA won the "*Trophée de la Qualité de Vie en entreprise*" (Quality of Life in the Workplace Award) for its response to "How to preserve QLW[1] at health care facilities during the health crisis". The award is designed to recognise and reward companies and teams that have implemented innovative, relevant and standard-setting initiatives that create long-term well-being in their organisation.

Given this climate of uncertainty in which staff can so easily lose their bearings, it has been crucial to find ways to safeguard quality of life in the workplace. The goal since mid-March has therefore been to protect quality of life in the workplace, despite all the disruptions, while continuing to maintain a high standard of care for residents and patients.

More specifically, some countries have set up surveys for these aspects. In Austria, for example, employee satisfaction is 7.8 out of 10, while in Switzerland the satisfaction rate is 77%. In the Netherlands, Wonzgornet has set up a system whereby staff choose the themes they wish to survey several times a year. In 2021, the Group will launch employee satisfaction surveys in all geographical regions to keep track of employees' needs and expectations.

4.5.3.4 MAINTAINING A HIGH-QUALITY EMPLOYEE DIALOGUE

For the Group, effective and constructive labour relations are one of the pillars of the smooth running of the company. In this way, the Group fully involves any local employee representative bodies (works councils, trade union representatives) in its development. In addition to the mandatory consultations, ORPEA maintains an ongoing dialogue with employees throughout the year, via employee representatives and trade unions, and with all staff in the field.

Employee dialogue is established and operates within the Group through the employee representative bodies set up by local legislation. The Group therefore favours a local approach to best respond to the specific characteristics and needs of its employees as well as its activity. Accordingly, depending on the legislation, employee dialogue can take place at different levels, both nationally or each facility. In this respect, the choice of themes is made independently in strict compliance with local regulations. The bodies meet at the initiative of the company at a frequency determined by local law. In both France and Germany, meetings are held at least once a month. Similarly, the rules for the renewal of employee representative bodies are scrupulously followed. In France, for example, in accordance with regulatory changes, a Social and Economic Committee, whose members were elected by employees, has been put in place. In Belgium, labour-related elections took place in Q2 2020.

The Group complies with the regulatory framework of each country, which means that all employees can be represented by elected or appointed bodies and can join the trade union of their choice, in full respect of trade union freedom and confidentiality. There is no statutory obligation to inform an employer of trade union membership or affiliation. (Such information is considered "sensitive data" under the European General Data Protection Regulation.)

In this way, through regular negotiations with these bodies or with trade union representatives, collective agreements are signed each year. These agreements vary in scope, both in terms of social consultation and the local regulations in force, and in particular in the following areas:

- quality of life at work, including the promotion of a work-life balance;
- leave and taking time off work in lieu;
- 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 naturally adapted across the European operations in line with each country's own legislative framework and specific priorities. Consequently, the number of employees covered by these collective bargaining agreements or company agreements may vary depending on a country's legislation. In countries such as France, Spain and Belgium, all employees are covered by sector-specific or collective employment agreements. In other countries where there are no such bargaining agreements, only company agreements or employer-determined benefits apply.

(1) *Quality of life in the workplace.*

However, the quality of labour relations in companies is not only limited to the relationship between employers and employee representative bodies. Relationships between different stakeholders must also be balanced, so that other elements of social regulation can work properly, such as direct communication between employees and management. Accordingly, plenary or interdisciplinary staff meetings between employees and management are held on a very regular basis to circulate information on themes freely chosen by the parties. During these meetings, or on an individual basis for those who so wish, any employee may call upon the person of their choice — direct superior, manager or deputy manager — to discuss a matter of concern to them. While this process of collective or individual feedback through hierarchical reporting lines may have its limits in certain situations, the Group has always promoted the establishment of alternative points of contact so that no employee is left without someone to turn to. For example, mobile HR "offices" can sometimes be deployed, or employees can reach out to other contacts, such as individuals in the occupational health and safety department. Obviously in specific cases the employee may wish to alert Group management, in which case they can use the whistleblowing system (see Chapter 4.3.2.9).

Employee dialogue is also featured in newsletters, at regular meetings and through platforms such as Facebook and WhatsApp. In 2020, in the context of managing the public health situation, dialogue was stepped up through frequent individual interviews in order to provide staff with support and assistance.

The challenge of employee dialogue, therefore, involves more than just compliance with legal and regulatory obligations towards employee representative bodies. It first and foremost involves consideration of employees and their active participation in the life of the company.

CSR OBJECTIVE FOR 2023

In 2021, the Group will begin rolling out a new employee dialogue tool to all employees in all geographical regions in the form of engagement surveys. These will be 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.

4.5.4 RETAINING EMPLOYEES WITH A DYNAMIC HUMAN CAPITAL DEVELOPMENT POLICY

To meet the company's strategic challenges and anticipate changes in its core businesses, the Group deploys an employee development strategy that involves offering extensive training opportunities to its staff and ensuring that HR development tools and processes, such as talent reviews, performance appraisals and assessments, are constantly updated.

Given its major expansion and the pressure in finding available qualified personnel, the Group gears its human resources development policy towards building loyalty and creating an employee experience not found elsewhere and that will continue throughout the person's career at ORPEA.

4.5.4.1 ONBOARDING OF NEW EMPLOYEES: A FIRST STEP IN BUILDING LOYALTY

Onboarding programmes are deployed in all countries and tailored to the Group's core businesses and their associated challenges. The Group is currently pooling and harmonising these onboarding processes, which can be adapted to different country and business contexts thanks to the Group's agile organisational structure.

The "Bienvenue @ ORPEA Belgium & So Proud" programme in Belgium, the e-learning/mobile learning programmes to enhance careers in Spain and Portugal, the certification programme for facility managers in France leading to a university degree, and the "Welcome to ORPEA" programme for new arrivals at the French head office all attest to the Group's strong onboarding efforts.

During the health crisis, maintaining recruitment volumes at all levels of the Group meant that onboarding programmes had to be continued but in a different format. They were therefore quickly adapted to be conducted online.

4.5.4.2 ENHANCING SKILLS AND OFFERING CAREER OPPORTUNITIES

Developing skills and promoting employees

Identifying talented individuals, retaining them and offering them specific training are the cornerstones of a proactive employee policy introduced very early on by the ORPEA Group. ORPEA is committed to making the most of individual strengths and energising the careers of each employee to improve the quality of patient and resident care and to boost staff motivation and satisfaction.

In all the countries where it operates, many of its managers have been promoted from within the Company: care workers, nurses, health supervisors and administrative staff advance to positions of responsibility, thanks to their motivation, their commitment and their potential. In France, 47% of facility managers on staff at the start of 2021 were internal promotions, as were 96% of regional managers.

This bold approach reflects the support provided to employees by the Group with their efforts to build a rewarding career plan, plus the emphasis placed on internal recruitment when filling vacancies. At any time, or by means of the regular one-to-one assessments, employees have the opportunity to express their goals and ambitions in terms of training, development or geographical relocation.

There are also opportunities to transfer between the Group's business lines or between countries for employees wishing to gain experience in or move more permanently to a specialised geriatric facility, a post-acute care and rehabilitation, or psychiatric hospital, or simply to get a taste of another culture. International transfers are also gaining momentum, with employees from France now working in Spain, Portugal, Belgium, China and Latin America.

All of these initiatives have always existed, and since 2019, the Group has wanted to ensure that the demand for professional mobility, be it geographic or functional, could be made even easier for employees and instantly visible to HR staff.

CSR OBJECTIVE FOR 2023

To underpin this promotion policy, ORPEA is committed to ensuring that 50% of the Group's key managers (regional directors, facility managers and head nurses) are promoted from within. These managers, who have considerable hands-on experience, are fundamental to the Group's business and close to residents/patients and employees alike.

Processes common to all employees

As part of the employee development policy, initiatives are led at all levels of the company and comprise:

- **assessments of top management**, conducted using 180- and 360-degree feedback, with personalised support to help them put together their own development plan;
- **annual appraisals**, performed on all employees. These are digitised up to and including the head of the facility using the HRIS. Training is provided on a regular basis so that employees and managers can conduct annual interviews with particular focus on feedback and development objectives;
- **succession plans**, deployed in 2020 for positions up to and including the facility manager: tools (ad hoc questionnaires, assessment grids for potential successors, etc.) were developed to plan ahead for succession, identify potential successors objectively, and better prepare for the introduction of career committees. Succession plans provide the company with a pool of internal candidates to fill strategic positions;
- **development plans**, based on the results of the assessments made of general and personalised development plans, and drawing on coaching, mentoring or specially tailored training, as applicable. Development plans allow all employees to increase their skills, whether technical or behavioural.

Digitisation and accurate monitoring of skills development

As part of the digitisation of its HR processes, the Group designed and implemented a large-scale HR information system covering all aspects of the employee life cycle, from recruitment to career development.

The Group's first priority was to develop "performance appraisal" and "talent review" modules which serve firstly to assess an employee's performance and determine their development and training needs, and secondly to build up a pool of solid talent identified as successors in order to prepare for the Group's future.

The digitisation of these processes means that information shared during the annual appraisal can be kept safely and securely. This information is monitored by the HR teams so that the wishes expressed by the employee can be managed quickly, efficiently and fairly. The corporate HRIS is intended to be deployed in waves in all countries over the next few years and become a global support for the Group's HR policy.

Management culture and leadership development

The Group trains managers to listen to their employees and to build trust through dialogue. They all seek to reward achievements, and failures are analysed to encourage employees to succeed on a daily basis. As they are involved in the feedback and development of their employees, managers are also present to help them gain autonomy and take on responsibilities by trusting them with clear, achievable and motivating challenges.

The Group has initiated the construction of a development programme targeted towards its managers called Future Step, which varies according to level of responsibility. This programme consists of various phases, an initial diagnostic phase with assessment tools adapted to each level, a second phase, in which an individual development plan is built, and a third phase, in which the training plan is implemented. The aim of this programme is to enable in-house talent to get to know each other better and be able to identify their strengths and areas for development, thus enabling them to plan and orient their career path towards a new stage within ORPEA. The diagnostic phase initiated in 2019 continues to be deployed among a larger number of beneficiaries, and individual and collective development plans were launched in 2020 (managerial training, crisis management training, coaching, etc.). A new innovative management training course was established in 2020 to be gradually rolled out to all countries.

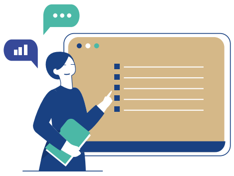
The Development Centre, a key stage in the path of development

In 2019, the Group established a "Development Centre" to identify a talent pool for key positions, map the strengths and opportunities of the population assessed and provide individual feedback for the creation of a personal development plan.

This mechanism was specifically designed to draw up a skills development plan so that human capital can be aligned with the Group's challenges and needs along with its values and skills model. For example, all HR departments underwent a certification process developed by an external firm in 12 sessions in 2019, enabling them to assess 95% of the Group's regional managers in their own language in 2019 and 2020.

The Development Centre programme was halted in 2020 by the health crisis but is set to be extended in 2021 and subsequent years for new regional managers and facility management teams around the world.

4.5.4.3 A TRAINING STRATEGY TO GROW LOYALTY AND BUILD THE FUTURE



689,226
hours of training
provided in 2020

Developing, acquiring and consolidating professional skills helps to lay the foundations for ORPEA's future success. The range of training courses accessible to all employees continues to be enriched every year to help meet the challenges ORPEA faces in its various sectors of activity and as it moves forward with its international expansion.

ORPEA's training policy is implemented at several levels in a complementary manner:

- **A training offer, integrated into the training plan, corresponding to the fundamentals of ORPEA's core businesses:**
  - training courses relating to the Group's quality standards, given in-house. The content of these guidelines is prepared by the department with expertise in the relevant subject matter, in accordance with the Group's values, practices, policies and procedures. With this in mind, the trainer is a Group employee who is in the best position to lead the sessions and answer the trainees' questions since he or she knows the field inside out. For many years, the Group medical department has been developing one-day training modules on topics considered essential such as "promoting proper treatment", "Alzheimer's disease", "the end of life" and "gestures and postures". These modules have been adapted for each country to respond to their unique situations, and each ORPEA employee is invited to attend these training sessions on a regular basis. The strength of this policy lies in its ability to adapt to the needs that have arisen in the field, enabling the harmonised deployment of best practices at Group level;
  - additional training provided by external service providers to supplement the general offerings. This programme allows the creation of a training plan that takes the wishes of employees and the needs of the company into account as much as possible. Special approvals of certain training courses may also be required, so that, in a fairly uniform manner, "fire" or "food hygiene" training courses can be generally provided by external organisations.

  On the basis of these different types of training, the human resources department of each geographical region prepares a training plan which, in addition to complying with legal obligations in this area, will make it possible to maintain and develop employee skills. These sessions are often accessible via a catalogue that is made available to employees. It thus offers the broadest possible range of training (e-learning, videos, on-site etc.), delivered by both external trainers and internal experts keen to share their knowledge. The Group's ambition is to develop programmes that combine face-to-face learning, e-learning and mobile learning.
- **A base of mini-training sessions** (flash training) lasting 30 to 40 minutes on average on around 50 themes, the choice of which is left to the discretion of the facility manager according to the events that punctuate the life of the facility. These mini-training sessions, designed by the Group quality department in conjunction with expert support services (catering, works etc.), are an opportunity to review current procedures, ensure that residents and patients are fully aware of the rules for optimal care, and provide opportunities for discussion to strengthen team spirit. Each facility manager aims to carry out six mini-training sessions per month with his or her staff. This programme is regularly monitored as part of internal audits.

The 2020 training sessions focused on critical issues in the context of the health crisis and were in the form of mini-training and/or e-learning sessions:

- basic concepts, such as hygiene and disinfection;
- specific training for Covid-19 in digital and mini-training sessions;
- e-learning sessions for hospital hygiene and infection risk management;
- management in a time of crisis.

A particularly effective tool for crisis management, mini-training sessions accounted for 32% of the total number of training hours.

10
hours of training
(excluding mini-training)
per employee

Change in the number of training hours by geographical region between 2019 and 2020

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the world	
(number of hours)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Training	689,226	846,108	419,754	373,676	111,063	320,627	81,361	111,232	72,924	37,529	4,123	3,046

In general, the time available for staff to attend training sessions was also heavily impacted by the health crisis. Many sessions could not take place or had to be cancelled due to the impossibility of implementing them outside the classroom. Teams were supported as closely as possible through short training sessions, since half- or full-day sessions were not possible, resulting in a reduction in the overall number of hours received.

However, this reduction was limited. Some countries, such as Spain, have succeeded in doubling the number of hours of training received by 2019 through the deployment of an innovative e-learning policy. Thanks to its dynamic deployment of mini-training sessions and the reception of work-study students (hours of work-study training are now counted as training hours in France for the purposes of harmonisation with other countries), France has also, despite the circumstances, maintained a high level of training activity.

Access to certification and diplomas for advancement at all levels of the company

At the same time, the Group is developing partnerships with universities and schools to support its training plans with certifications. DOMEA, the carer training institute set up by the Group in 2005 (IFAS approved by prefectural order), reflects the ORPEA Group's commitment to help its employees gain qualifications and provide lifelong learning opportunities. In addition to individual support, DOMEA can accommodate young apprentices in classes of 15 people per year from February to June. DOMEA endeavours to train employees, students and interns using practical, interactive teaching methods, as well as through individual support from employers, tutors and apprenticeship leaders. In 2020, the Group acquired an AFPS training centre for carers. The AFPS and DOMEA schools train 250 students per year to become carers and family assistants.

In 2019, a vast internal VAE Aides-Soignants (validation of acquired experience for care workers) campaign was launched in partnership with the Group's School for Carers (DOMEA), and 600 employees entered this process. Despite the circumstances, 300 employees started in 2020.

In general, a very large number of partnerships have been established with universities or schools: 5 in Poland, 25 in Spain and 6 in China. In Italy, a partnership is underway with the LIUC business school in Milan to create a specific Master's degree in Management for the selection of new managers and the implementation of internal training plans.

The ORPEA Group has therefore developed university diplomas in partnership with higher education institutes in various countries to enrich the skills of its employees. The university diploma in care facility management awarded by the University of Nice is designed to improve the managerial skills of its facility managers and is a good example of the ORPEA Group's ambition of implementing an integrated, international approach to training. Seven university diplomas have been developed in collaboration with expert partners with ORPEA-targeted content, including hygiene, ethics and digitalisation, nursing and psychiatry, integration of managers and a master's degree in economics and HR management.

ESCP EUROPE continues to run the Cadrélan Stratégique programme, which enables Group employees who are interested to hone their managerial skills in a privileged environment. The programme caters for employees with management and/or team leadership roles who want to advance to senior management level or perform cross-functional roles within the Group, irrespective of where they work. An additional module on intercultural management has been incorporated to reflect the Group's development outside France.

In Austria, the SENECURA Academy, which officially opened in 2016, now offers the Group's employees recognised training courses. The aim is for each employee to benefit from an individual lifelong learning programme and training leading to recognised qualifications. Likewise, in Switzerland, SENEVITA set up its own Academy in 2017, and the first classes began in 2018. In the summer of 2021, the foundation stone for the SENECURA Lakeside Academy Campus will be laid. This ORPEA school will be able to accommodate and train over 500 students (care workers, nurses, physiotherapists, etc.).

In Spain, as in many countries, a university qualification is a pre-requisite for those seeking a facility management role. The diploma and course that are required are stated in regional rules. ORPEA IBERICA is thus providing the funding for deputy facility managers, and those with senior management ambitions to obtain the qualification they need to develop their skills, enhance their career and be promoted to facility managers.

Beyond seeking to motivate employees and develop their skills, these initiatives aim to streamline and standardise teaching while guaranteeing a high level of quality. Not only do these projects form part of the Quality programme, they also reflect the Group's relentless quest to differentiate itself — in the minds of current and prospective residents and patients and of current and future employees.

ORPEA University is currently under construction and includes a range of initiatives for the training and development of employees. It represents the Group's learning policy. The purpose of this internal university is to support all of the Group's development programmes, training initiatives and future schools.

CSR OBJECTIVE FOR 2023

In order to improve the level of qualifications and career prospects of its employees, ORPEA has set a target that 10% of its employees must 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 understood locally in compliance with a demanding Group policy.

4.5.5 PROMOTING DIVERSITY AND INCLUSIVENESS WITHIN THE ORGANISATION

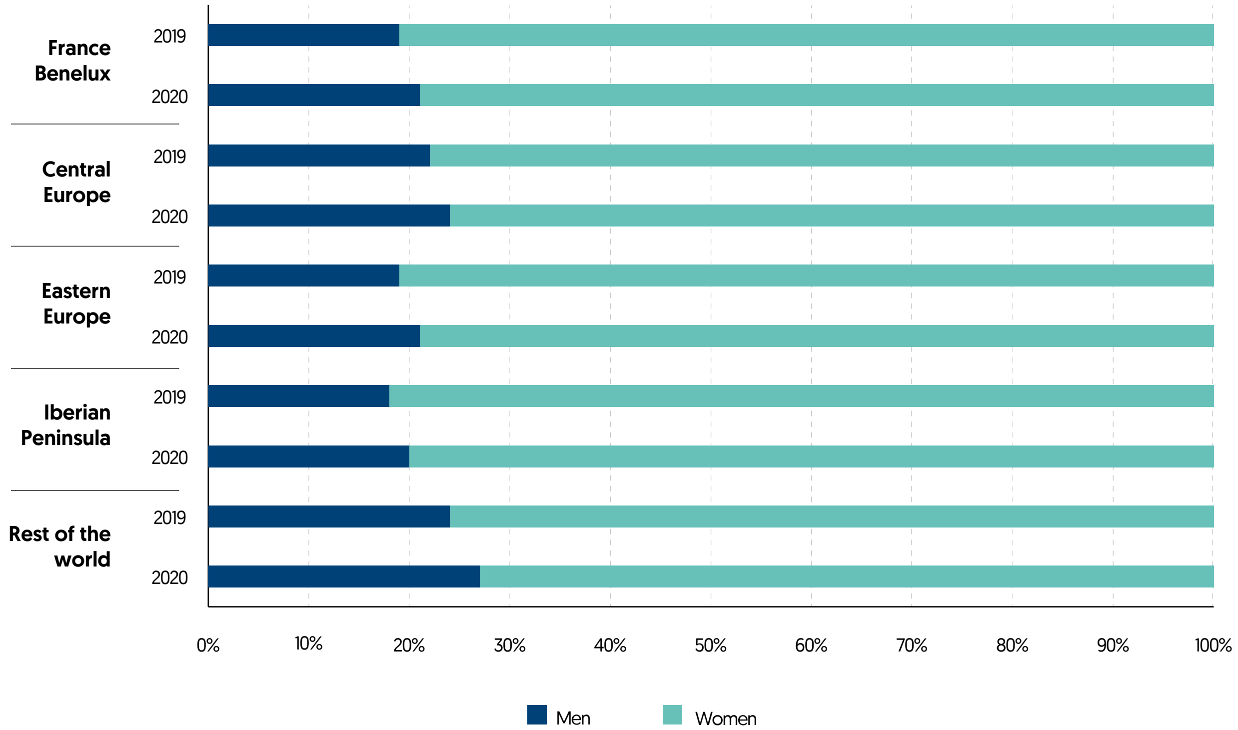
ORPEA has always considered diversity to be an opportunity to achieve greater success and, as such, put it at the heart of its strategy. Every employee within the Group, irrespective of their qualifications, origin, gender, religion, age etc., is afforded the same professional development opportunities. This mindset extends to the very top ranks of the organisation and across the entire management structure.

4.5.5.1 GENDER EQUALITY

The Group has always been ambitious in promoting the diversity of its human capital while prioritising the development of skills in all core businesses. This forward-looking approach has provided employees with a mature, gender-balanced ecosystem for many years. All positions of responsibility and/or management are accessible to both women and men, both in terms of recruitment and career development.

ORPEA's teams have always had a large number of women, and the same trend has been seen in every country. In 2020, 82% of ORPEA's employees were women.

▪ **Breakdown of employees by gender and by geographical regions in 2019 and 2020**



The access of women to positions of responsibility and/or management is a backbone of the development policy. Development processes such as the assessment centre or 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 and training for women managers. In this respect, the Group is pursuing its women's empowerment efforts via a dedicated programme called EllesORPEA, which will be extended to all communities of women.

65%
of positions of responsibility[(1)]
are held by women

(1) *"Positions of responsibility" refers to facility management teams, regional management, executive management of each country and of the Group, management positions, based on the Group's job descriptions.*

Positions of responsibility[1] held by a woman

	Group	France Benelux	Central Europe	Eastern Europe	Iberian Peninsula	Rest of the world
Positions of responsibility held by a woman (in 2020)	65%	65%	63%	63%	74%	53%

This policy demonstrated its effectiveness during the 2020 talent review:

- 40% of identified successors in management positions were women (+10% versus 2019);
- 60% of the successors identified for regional management positions were women.

Representation of women in management teams

	% of women
Executive Committee	25%
ORPEA top management	47%
Regional managers and facility managers	68%

CSR OBJECTIVE FOR 2023

In line with its commitment to diversity, the ORPEA Group has set a target of 50% women in top management.

PROFESSIONAL GENDER 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 2020, the professional gender equality index applied in France, as defined in Decree No. 2019-15 of 8 January 2019, illustrated the success of this policy and was unchanged from 2019:

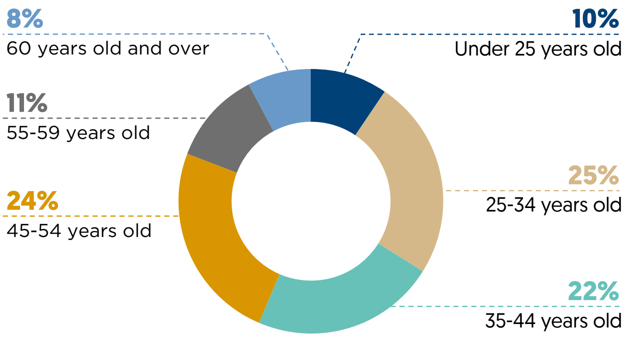
- 84 out of 100 for the ORPEA economic and social unit;
- 79 out of 100 for CLINEA SAS.

4.5.5.2 ACCESS TO LONG-TERM EMPLOYMENT OPPORTUNITIES FOR THE YOUNG AND OLD

As part of its recruitment policy, ORPEA places great importance on interpersonal skills, as well as the diversity of its teams.

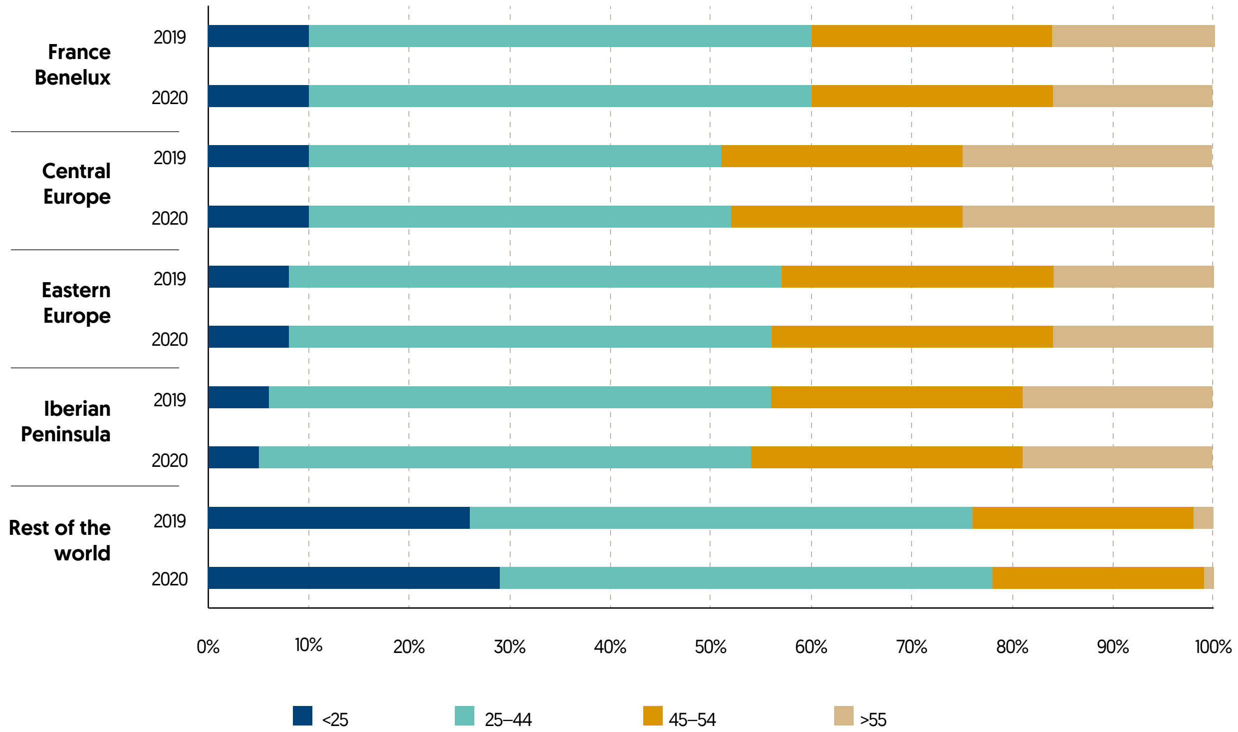
As such, the Group promotes the employment of young people and the retention of older workers to ensure knowledge and skills are passed on to the next generation. Employees from all age brackets are represented in fairly similar patterns in every country in which the Group operates. This ensures diversity of profiles and promotes the sharing of experiences.

Breakdown of the Group workforce by age bracket



(1) *"Positions of responsibility" refers to facility management teams, regional management, executive management of each country and of the Group, management positions, based on the Group's job descriptions.*

■ Breakdown of employees by age bracket and by geographical region



4.5.5.3 DISABILITY AND EMPLOYMENT

For over 20 years, ORPEA has taken steps to find jobs for and retain people with disabilities through efforts including:

- training managers in how to accommodate people with disabilities and, more broadly, educating all employees about disabilities;
- 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 had 1,454 disabled employees at 31 December 2020 (of which 681 in France).

In Spain, various partnerships have been established and ramped up with the Randstad Foundation and the Caixa Foundation to help people with disabilities access employment. In 2018, it set up another with Once Foundation, Spain's largest not-for-profit organisation promoting opportunities to hire people with disabilities. The management team in Spain also made a film to raise awareness among teams. In Portugal, these types of partnerships have also been put in place.

Equal opportunities

>8,000

employees taken on board in internships and/or work-study programmes

In addition to disability, the Group has endeavoured to develop partnerships to encourage the integration of apprenticeship/work-study employees and interns into its facilities, whether they are undergoing initial training, are in difficult situations and/or are undergoing retraining.

In 2020, 8,488 apprenticeships and/or interns were hosted by the Group (of which 5,719 in France, 1,198 in Germany and 790 in Austria). These figures testify to:

- the quality of care for residents and patients, who make ORPEA facilities places for formative internships;
- the quality of supervision in place for interns, with the existence of ad hoc procedures;
- the quality of good relationships maintained with the schools;
- the varying expertise and specialities of the facilities that attract interns.

Lastly, other initiatives were also taken under the equal opportunities policy. In Spain, partnerships were forged with various associations (La Caixa Foundation, Juan Castilla Foundation, Randstad Foundation, APROCOR Foundation, Cooperation agreement with Fremap) to encourage the recruitment and continued employment of people in difficulties. Moreover, in 2019, ORPEA Ibérica won the Spanish Red Cross award for the company that has shown sensitivity towards particularly vulnerable groups. Portugal has developed a partnership with the Associação Santa Teresa to support the integration of migrants in the workplace.

4.5.5.4 PROMOTING AND ADHERING TO THE ILO FUNDAMENTAL CONVENTIONS

In accordance with its international commitments under the United Nations Global Compact, ORPEA is committed to respecting the conventions of the International Labour Organization and, more specifically:

Respect for freedom of association and the right to collective bargaining

For years now, the ORPEA Group has focused on achieving a high-quality employee dialogue to balance employee interests and social progress against the Company's business imperatives.

Effective and constructive labour relations for all are crucial for the Company to operate effectively, and the freedom of association, freedom of expression, freedom of assembly and the right to information are essential components of social stability and economic development.

Accordingly, employees may freely serve as representatives and voice their opinions, with mutual respect for the provisions of law, the regulations and employees' fundamental rights.

The Group remains committed to harmonious employee dialogue, which entails the negotiation of various aspects of labour relations to promote and defend employee interests.

Elimination of employment-related and professional discrimination

Through its recruitment, training and promotion policy, the ORPEA Group has always demonstrated its commitment to non-discriminatory practices. It believes that equality at work means everybody having the same chances to develop the knowledge, abilities and skills necessary for the business. Discrimination prevents the victims of prejudice from achieving their full potential and thus deprives the Group of the contribution they could make.

Recruitment teams are regularly trained to ensure that recruitment processes eliminate any risk of discrimination.

The diversity of cultures, languages, family situations, educational backgrounds, racial and social origins, religions and opinions today make ORPEA a Group in which everyone can find their place and thrive, while respecting others, making for a tight-knit workforce underpinning effective performance.

Elimination of forced and compulsory labour and the effective abolition of child labour

Owing to the nature of business it is involved in and the direct link its staff have with residents, families and patients, ORPEA has naturally always adhered to the main conventions of the International Labour Organisation.

4.6 Limiting the Group's environmental footprint

OVERVIEW OF CHALLENGES

Environmental protection issues are directly linked to public health issues. Controlling the impact of its activities on the climate and the natural environment is therefore a major concern for the Group, also in view of its round-the-clock activity. In this context, the consideration of an eco-friendly framework is a priority for the Group. At this stage, this framework mainly includes actions to reduce greenhouse gas emissions to combat climate change. As a result, energy efficiency is the primary target. In fact, the Bilan Carbone France assessment showed that the first scope of greenhouse gas emissions corresponds to emissions linked to the energy consumption of its facilities. Given the similarity of activities within the geographical regions, this finding can be extrapolated to the Group level. In addition, this eco-friendly framework includes actions for the preservation of natural resources through optimised water and waste management (reduction and recycling).

4.6.1 GENERAL ENVIRONMENTAL POLICY OF THE GROUP

As part of its global environmental policy, the ORPEA Group is speeding up its eco-friendly procedures that significantly reduce its CO_2 emissions and its environmental footprint more generally. A Steering Committee made up of representatives from the purchasing, works-construction, quality and communication services was set up to oversee these goals; it meets every two months and monitors the main priorities set for the ORPEA Group's environmental initiatives:

- **reducing energy use** (chiefly gas and electricity) **and CO_2 emissions**;
- **control of water consumption;**
- **optimisation of waste management** and the fight against food waste.

To achieve these goals, the Group is working in three areas:

- **measuring:** the analysis of energy and water consumption and waste collection tonnage data makes it possible to make the right diagnosis and determine relevant and effective actions;
- **reducing:** measures are then deployed within the different geographical regions as part of multi-year action plans;
- **raising awareness:** the implementation of prevention and awareness-raising initiatives aimed at its employees, residents, patients and visitors makes it possible to provide general information on sustainable development and disseminate best practices and eco-gestures.

In addition, ORPEA has an in-house design and engineering service within the corporate construction and maintenance department dedicated to the ongoing search for solutions aimed at making the energy consumption of its facilities more efficient and for high-performance construction methods that can reduce its carbon footprint. The ORPEA Group aims to build facilities that are more energy efficient, and which blend in better with the environment (accessibility, landscaping, urban integration) while offering optimal quality of life for residents, patients and staff. Building architecture prioritises a pleasant visual and acoustic environment, as well as natural light. The Group is particularly cognisant and innovative when it comes to designing living spaces geared towards the autonomy and well-being of residents. So, at all stages of a construction project, special attention is paid to the following:

1. **The building and its environment:**
   - choice of land or building as close to public transport as possible;
   - respect for the orientation of the land/building (in particular with regard to the course of the sun, thus prioritising optimal light penetration at any time of the day and in all seasons);
   - location of the building to respect the land's natural topography;
   - principal well-lit façades facing southeast and west;
   - acoustician's assistance concerning road classifications and treatment of façades;
   - conducting impact studies of future installations on the environment (neighbours etc.).
2. **Building design:**
   - accessibility of the facility to persons with reduced mobility: all of the Group's buildings are designed and built in strict compliance with disabled accessibility standards, thus allowing all people with disabilities to fully enjoy all living spaces and events and entertainment;
   - natural lighting for premises and for workstations in particular;
   - presence of green spaces or outdoor areas in single parcels of at least 200 square metres;
   - independent storage for everyday waste and special storage arrangements for food waste;
   - passive design features preferred to keep buildings cool in the summer and warm in the winter.
3. **Technical and technological choices:**
   - obligation of results required for designated consulting firms and contractors;
   - rainwater treatment (retention basins for watering green spaces), solar panels for the production of domestic hot water, photovoltaic panels depending on the environment;
   - thermal modelling;
   - choice of energy-saving technologies (systematic use of LED lighting, installation of presence detectors, installation of window contact sensors to cut off heating when windows are opened);
   - double-flow ventilation with energy recovery for high-volume rooms.

Lastly, before purchasing land, ORPEA ensures that the soil is not contaminated and, if necessary, carries out soil remediation.

This policy is implemented locally with compliance with local standards. In Germany, the primary energy labels sought and achieved are ENEV A. All new facilities in Switzerland have been awarded the Minergie label. In Portugal, all building projects will have at least an "A" energy label. In-depth work is being carried out on the improvements to be made so that an "A+" energy label can be obtained.

Within the context of renovation projects for existing buildings, the ORPEA Group also takes into consideration energy performance issues through the implementation of an audit tool called "Real Estate". Among other things, these audits make it possible to:

- establish an annual budget for the maintenance and renovation of sites over a period of five years and, for each operation to replace technical equipment, implement the most innovative energy efficiency techniques that are systematically eligible for energy efficiency certificates (CEE — *Certificat d'économie d'énergie*);
- identify buildings that require major renovation/restructuring. These audits serve as a support for the annual review that decides these renovations/restructuring projects with a real consideration of the energy aspect (change of external joinery, double-flow CMV, LED lighting fixtures, room thermostats etc.).

All of these audits are compiled and available on the Group's IT application portal. This allows immediate access and easy modification for the continuous updating of the database of ORPEA Group facilities.

CSR OBJECTIVE FOR 2023

ORPEA has set the goal that 100% of new construction projects undertaken from 2021 onwards should be certified HQE or equivalent (LEED, BREEAM, etc.). The first deliveries will take place in 2023.

4.6.2 LIMITING ENERGY CONSUMPTION AND CO_2 EMISSIONS

4.6.2.1 MEASURING ENERGY CONSUMPTION

Monitoring of energy consumption by facility has been implemented through the regular collection of consumption data within geographical regions. To ensure the reliability, centralisation and optimisation of gas and electricity consumption data, automatic data feedback tools are being deployed within the geographical regions. Accordingly, by 31 December 2020, over 70% of facilities have deployed or will deploy a technical solution for automatic data feedback. The rollout of the Deepki platform is ongoing in all European countries as a result. This tool allows for the automatic collection of existing flows data directly from the supplier areas.

Electricity and heating consumption Group-wide and by geographical region

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the world	
(in MWh)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Electricity	294,438	296,098	166,171	163,592	59,568	60,209	31,266	32,117	35,006	37,627	2,428	2,553
Heating	467,223	467,804	202,105	214,571	147,946	139,086	69,036	70,005	46,565	42,433	1,571	1,710
TOTAL	**761,661**	**763,903**	**368,276**	**378,163**	**207,514**	**199,294**	**100,302**	**102,122**	**81,571**	**80,060**	**3,999**	**4,263**

Against a backdrop of growth for the Group, consumption remains under control, with a decrease of 0.3% also due to a slight drop in activity in 2020 following the health crisis.

4.6.2.2 REDUCING ENERGY CONSUMPTION

Checking and analysing energy consumption identifies problems (such as excessively high consumption, and benchmarking between sites) and energy-intensive facilities. Training courses are arranged to give the facilities all the tools they need to make their buildings energy-efficient (centralised technical management etc.). Based on these items, the following actions are being implemented as part of multi-annual action plans:

- **insulating loft spaces and water networks** to help combat energy losses;
- **changing furnaces or energy production;**
- fitting **sensors** to reduce electricity consumption in all service areas (storage rooms etc.);
- fitting **low-consumption lighting** (all new buildings are equipped with LED lighting) as and when existing light bulbs and lamps are replaced;
- installing **room thermostats**;
- carrying out **work on the façade** (exterior thermal insulation, change of exterior joinery);
- integrating **renewable energy** (solar, thermal, etc.).

In addition, in each of the countries where regulations require it, energy audits are carried out, which result in action plans. The action plans are implemented locally according to the profiles of the sites.

CSR OBJECTIVE FOR 2023

ORPEA is aware of the environmental issues linked to energy consumption and the associated greenhouse gas emissions and is committed to reducing its energy consumption by 5% (reference year 2019).

4.6.2.3 INFORMING EMPLOYEES AND RESIDENTS/PATIENTS

To maximise technical and maintenance actions, eco-gesture campaigns are regularly carried out among employees as well as residents/patients. Most of the time, they take the form of the distribution of posters, leaflets and stickers within the facilities. The objective is to remind everyone of the right gestures that limit the environmental consequences of each of the actions performed in daily life and consequently to help change inappropriate practices. In France, for example, an internal newsletter called "Watt's News" is regularly sent to facility management teams. An information leaflet for residents, patients, families and employees on "eco-gestures to adopt" was designed around themes of electricity, heating, water, waste, paper and transport. However, in 2020, the health crisis did not make it possible for such initiatives to be rolled out.

4.6.2.4 USING RENEWABLE ENERGY

In addition to controlling consumption, renewable energy installations are being deployed in countries that are reducing carbon emissions from certain types of energy sources. The choices depend on both the local regulatory and economic environments and the configuration of the facilities. The following measures have been identified:

- **connection to a heating network more than 80% powered by renewable energy**: this is the case in Austria (57% of its sites), Switzerland, Spain and Poland especially;
- **installation of solar and photovoltaic panels**: Eastern Europe and Italy are rolling out the installation of such panels on a wider scale. Seven sites are already equipped with solar and photovoltaic panels in Switzerland and 15 in Austria (18% of the total fleet in Austria). In Portugal, the installation of solar domestic hot water systems is becoming widespread. In Italy, new buildings will be equipped with photovoltaic panels;
- **wood heating**: Germany, Austria and Switzerland use these systems. In Slovenia, all new projects include a wood heating system;
- **use of biogas**: France has opted for an offering that includes biomethane. In 2020, this share of biomethane has increased from 8% of the total volume of natural gas consumed in 2019 to 65% in 2020;
- **implementations of cogeneration plants**: cogeneration is the simultaneous production of thermal energy (for heating and hot water) and mechanical energy (for electricity generation) in the same plant. In Germany, 28 sites have installed cogeneration plants (15% of the total number of facilities), which generate 50% of a building's electricity needs. In Austria 20% of the sites are equipped with them;

- **installations of heat pumps**: a few sites deploy this type of installation, mainly in Austria, Switzerland and Italy.

In addition, the consumption of fuel oil, which emits large amounts of CO_2, will account for only 4% of total energy consumption in 2020.

Group CO_2 emissions generated by energy consumption

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the world	
(in tonnes of CO_2)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Scope 1[(1)]	88,628	89,415	43,481	46,544	26,482	24,995	8,261	8,408	10,320	9,380	84	87
Scope 2[(2)]	70,165	70,033	13,408	12,937	29,377	29,418	16,227	15,716	8,389	9,009	2,764	2,953
TOTAL	**158,793**	**159,448**	**56,889**	**59,482**	**55,859**	**54,413**	**24,488**	**24,124**	**18,710**	**18,389**	**2,848**	**3,040**

(1) Scope 1: direct emissions (fuels).
(2) Scope 2: indirect emissions (electricity and other types of energy).
All the conversion factors used to calculate emissions based on the electricity and heating consumption are shown in the methodological note at the end of this chapter. The coefficients are provided by ADEME (French Environment and Energy Management Agency).

CO_2 emissions remain under control, with a decrease of 0.4% compared to last year. This decrease should be seen in relation to the decrease in energy consumption.

In accordance with Article 75 of Law No. 2010-788 of 12 July 2010, France's greenhouse gas assessment is available on the ORPEA website at:
https://www.orpea-corp.com/images/orpeafinance/pdf/Documentation/FR/2018/Orpea_-_Rapport_Bilan_GES_GROUPE_2017_2.pdf

4.6.2.5 MONITORING BUSINESS TRAVEL

ORPEA continues its policy of minimising the impact of its business travel by limiting it to what is strictly necessary. All geographical regions encourage the use of videoconferencing whenever possible, thereby significantly reducing employee travel. The health crisis accelerated this development in 2020. To ensure that the company's efficiency and responsiveness are not impaired, videoconferencing solutions have been deployed at all sites.

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 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. Diesel vehicles, which are deemed to be less clean, are only authorised on an exceptional basis due to usefulness and/or exceptional mileage. In parallel, fuel consumption monitoring was introduced to develop responsible driving behaviour, as this brings benefits for both employee safety and for the environment.

To fight against greenhouse gases, solutions are also being studied and implemented with suppliers that:

- reduce the number of deliveries, (e.g. by using bi-compartment lorries);
- use new fuels (e.g. electric vehicles, green gas);
- optimise delivery routes (e.g. one per week for groceries).

4.6.3 CONTROLLING WATER CONSUMPTION

4.6.3.1 MONITORING WATER CONSUMPTION

As is the case with energy consumption, water consumption is monitored in all the geographical regions. Some regions have set up automatic collection tools such as Deepki, as is the case for France Benelux. ORPEA's goal is to deploy these solutions across the entire scope of consolidation. In addition, water consumption is monitored and analysed to identify problems, such as leaks and benchmarking between sites.

The ORPEA Group's works and maintenance department ensures that the hot water systems of all facilities are compliant and present no risk of legionella. It also verifies that water systems are maintained regularly and properly by the maintenance firm in charge and the maintenance officer in each facility.

Insofar as possible, staff as well as residents and patients are educated about the need to use water reasonably, and regular training sessions or information/awareness meetings are held. However, in 2020, the health crisis did not make it possible for this type of action to take place.

4.6.3.2 REDUCING WATER CONSUMPTION

To control their water consumption, the countries are implementing various measures adapted to their local conditions:

- installation of **water-saving plumbing systems** (toilets, taps, etc.): this is the case in 90% of facilities in Germany and Switzerland and 70% of facilities in France;
- installation of **energy-efficient kitchen appliances** (dishwashers): all geographical regions are rolling out this initiative to varying degrees: 80% of facilities in France, 100% in Switzerland;
- installation of **rainwater harvesters**: green spaces, which are essential for the living environment and the well-being of residents and patients, increase the need for water. The ORPEA Group is installing rainwater retention basins to be used for watering; bringing this action into general use is being studied for all new construction projects. In Switzerland, for example, rainwater harvesting basins have been installed;
- **leak detection** systems: in France-Benelux, thanks to the implementation of the Deepki solution, an alert system helps to detect water leaks in a very short time;
- **pressure-reducing valves**: this process is used in France and Austria especially.

Water consumption Group-wide and by geographical region

	Group		France Benelux		Central Europe		Eastern Europe		Iberian Peninsula		Rest of the world	
(in m^3)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Water	4,845,346	4,693,009	2,379,469	2,168,393	1,169,102	1,151,108	574,088	593,763	680,609	729,539	42,079	50,206

The increase in water consumption is mainly due to the management of the health crisis, which required more frequent and systematic cleaning operations.

4.6.4 OPTIMISING WASTE MANAGEMENT

4.6.4.1 SORTING WASTE

At present, it is not possible to systematically quantify the volume of waste produced as waste is also collected by public operators. Depending on the local policy where a facility is located, however, waste may be sorted (into separate processing chains for plastic, glass, deposit, cardboard, packaging, anaerobic digestion of food waste, coffee pods etc.). Operations in every country comply with the waste sorting regulations in force.

Training and awareness-raising initiatives have been implemented with teams and suppliers to remind them of best practice when compacting waste (for example, cardboard boxes and bottles) and sorting rubbish, as well as to combat waste.

France data

In France, to reduce the economic and environmental impacts of the waste produced by facilities, the project initiated in 2019 with the company URBYN continued, with the twofold objective of:

- making waste management services less of a concern through the implementation of a multi-site and multi-provider traceability tool;
- optimising the waste management of French facilities from a financial, environmental and quality standpoint.

Waste management in the ORPEA Group's facilities is carried out by a number of local, national, public or private waste treatment companies. Almost three quarters of waste volumes are managed by the local authority in which the facility is located, while the rest is handled by private service providers. The processes, services and legal obligations of private service providers or local authorities are numerous, which makes it difficult to know the volumes, types of waste and treatment methods and implement a common set of optimisation levers.

Waste diagnostics were carried out at 338 facilities at the end of 2019 and in 2020, and an inventory for each facility was produced. These diagnostics, coupled with the aggregation of waste data, have made it possible to build a more precise vision of waste production and management in France, target areas for improvement and initiate their application. The ORPEA Group generated 18,829 tonnes of waste in France (excluding PIMW). An action plan is being prepared to improve the percentage of recovered waste (bio-waste, paper, cardboard, etc.).

In addition, in 2020, the waste management measures at the French head office were adjusted to make it an exemplary site in terms of waste recovery. Nearly two-thirds of the head office's waste is sorted for recycling into 10 collection channels: Cardboard, paper, bottles, cans, paper cups, caps, cigarette butts, batteries, wood and other waste.

4.6.4.2 MANAGING PIMW[1]

The Group's ambition in this area is not necessarily to reduce the tonnage of this type of waste, which is directly correlated to the amount of care provided to patients and residents who are often polypathological and increasingly dependent (see Chapter 4.4). In 2020, the management of the health crisis in facilities resulted in significant increases in the tonnages of PIMW collected. The challenge for ORPEA is therefore to optimise management of them in compliance with the regulations in force.

Accordingly, all of the Group's facilities comply the local regulations of the country, region 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 Germany, Austria or Switzerland, this type of waste is not subject to any specific management, as all waste is systematically incinerated (in France, landfill remains a common practice).

In addition, all facilities are equipped with special receptacles for collecting these types of waste: containers for needles and other sharp objects, and CliniBox-type containers for other infectious waste. In the countries in question, medical waste is removed and disposed of by an authorised company under a service agreement. This company is also committed to providing care workers with training at each facility. These agreements and traceability records are kept available for the relevant authorities.

In 2020, the volume of PIMW in France increased significantly, from 490 tonnes to over 635 tonnes. In Belgium, the volume of PIMW generated rose from 8.8 tonnes to over 33 tonnes. In Spain, the volume was over 27 tonnes, in Italy 48 tonnes and in Portugal over 36 tonnes. These significant increases can be explained by the handling of the health crisis.

4.6.4.3 ACTION TO COMBAT FOOD WASTE

Given the nature of ORPEA's business activities and the number of meals served each year at its facilities (45 million meals), the Group attaches great importance to combating food waste.

ORPEA has already taken the following measures:

- **raising the awareness** of kitchen staff about eco-gestures through training and posters to combat food waste;
- **adapting orders and production** on a daily basis to facility operations. As part of this process, every Group kitchen is informed of the number of meals it needs to prepare and their type;
- **analysing kitchen waste** through weighing returned food and/or meal production.

As an extension of the actions already implemented and in line with the application of the EGALIM Law, a national food waste assessment campaign was carried out in October 2020 in France according to a strict protocol based on tools developed by the ADEME (French Environment and Energy Management Agency). As a result, each facility was able to prepare its own action plan based on its results. The monitoring of this action plan and the effectiveness of the measures put in place will be measured in another assessment in late 2021.

The fight against food waste is included in the discussions of the Sustainable Development steering committee. At each meeting, a progress report is given as well as a summary of the actions implemented by the Group's facilities with the aim of formalising new tools and sharing the best initiatives and ideas.

(1) *PIMW: Potentially Infectious Medical Waste (PIMW) is waste generated in connection with the diagnostic, follow-up and preventive, curative or palliative treatment in the fields of human and veterinary medicine.*

4.7 Building sustainable and responsible partnerships

OVERVIEW OF CHALLENGES

ORPEA also intends to extend its social, societal and environmental commitments to its dealings with its partners, with whom it is vital to build a trust-based relationship and to share common values, goals and objectives. The aim is to ensure vigilance over the supply chain to limit risks of corruption, environmental and human rights violations and non-compliance with international labour conventions.

Similarly, the Group aims to build balanced relationships with its suppliers and subcontractors, which includes reciprocal ethical and CSR commitments on both sides and clear and transparent processes with regard to those partners. ORPEA's ambition is to make each of its partners a trusted partner to build long-lasting and mutually beneficial relationships over the long term.

4.7.1 BUILDING A RESPONSIBLE PURCHASING POLICY

4.7.1.1 PURCHASING AT ORPEA

Defined and driven by the corporate purchasing department, the aim of the Group's purchasing policy is to satisfy the expectations of its internal customers, in particular the operations department, to ensure the well-being and safety of patients and residents in an eco-friendly, ethical and innovative environment. The purchasing policy aims to standardise and secure the processes, the standards in force in the various regions and the quality of the products and services delivered while respecting the particularities and cultural traditions of the countries where it is implemented. This policy was proven to be effective in 2020 in the implementation of employee and resident/patient protection measures to combat Covid-19. A continuous supply of standardised equipment (masks, gloves, gowns, etc.) to meet the protection needs of users was ensured from the start of the health crisis.

This policy is relayed and implemented by the local purchasing departments, which are comprised of 22 people in all of the Group's geographical regions. Each buyer has expertise and responsibility for one or more purchasing categories. Corporate buyers are included in the so-called global and national purchasing categories. These categories correspond to product categories the suppliers of which are able to operate in several countries (global) or at least on a national scope (national). The purchasing departments of the various geographical regions are responsible for the regional and local purchasing categories.

The purchasing department relies on a clear structure and procedures, which, on the basis of specifications drawn up with its internal customers and permanent technological oversight, enable it to conduct calls for tenders based on a structured and effective consultation process. For each buyer, any referencing of a supplier by ORPEA involves monitoring of activity and control of consumption through a permanent assessment on the basis of KPIs, thus allowing operational benchmarks within a country and within the Group. These KPIs obviously include the quality of the services provided and/or the equipment offered, because beyond the economic aspects, it is the quality of the product and/or the service that plays a predominant role, both in the choice of the supplier and in its maintenance within the Group's listing. A compliance procedure supplements this listing process through targeted surveys (see Chapter 4.3.2.8).

Dialogue and face-to-face meetings lie at the cornerstone of supplier relationships, but tools and systems, such as management charts, also need to be established in advance to provide traceability and track progress towards the objectives set. Reporting and regular discussions are thus important elements of the management of supplier relationships. In addition, the Group purchasing department regularly assesses its strategic suppliers — 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 creates a damage report and forwards it to the purchasing department. This helps to keep track of any issues arising, and remedial action can be implemented if necessary.

An "e-purchasing" application will gradually centralise all calls for tender, Group contracts, listed products and suppliers, orders and deliveries for all facilities in France and abroad. This centralised system will serve the entire Group and provide accurate, harmonised monitoring of the purchasing policy (through reporting tools) in all countries where the Group operates, while ensuring it abides by its social and environmental commitments.

4.7.1.2 RESPONSIBLE PURCHASING PROCEDURES

As part of its CSR procedures, ORPEA intends to integrate CSR into all of its components and thus extend its environmental and social commitments to all of its supplier partners by ensuring absolute compliance with ethical and CSR rules. ORPEA is therefore committed to implementing the following actions in its purchasing process:

Inclusion of the partner's CSR rating in calls for tenders

In line with the CSR supplier self-assessment process initiated in 2019, ORPEA has chosen to systematically consider the CSR performance of its suppliers before they are listed. This means that, as part of its global and national tendering process, ORPEA is committed to including the CSR performance of the bidding supplier in the overall evaluation of its proposal. To that end, in 2020, a call for tenders was launched to list an external and independent CSR supplier rating agency. The selected partner will provide ORPEA with the tools to assess the CSR maturity of the prospective supplier, also with regard to ORPEA's priority CSR issues. The rules for taking this CSR rating into account are currently being defined (elimination threshold, weight of rating in the overall score, etc.). As the first step in the CSR management of its supplier portfolio, this rating process will gradually be extended to all suppliers listed by the ORPEA Group in the years to come.

CSR OBJECTIVE FOR 2023

100% of calls for tender include an assessment of the supplier's CSR performance

Signing of a new CSR charter

The new CSR charter of reciprocal commitments was revised in 2020 and addresses the Group's commitments to its suppliers (transparency, fairness, confidentiality, fight against conflicts of interest and corruption) and those expected from listed suppliers and their subcontractors in terms of environmental protection, respect for human rights and the conventions of the International Labour Organisation and the fight against corruption. This charter will be translated into all languages of the countries where ORPEA operates so that it can be used by staff and partners. It must be signed by all global, national and regional suppliers already listed by the Group and systematically upon listing. Any refusal will result in a supplier being delisted by ORPEA.

CSR OBJECTIVE FOR 2023

100% of listed suppliers (global/national/regional) have signed the CSR Charter of reciprocal commitments proposed by the Group.

Inclusion of CSR criteria in purchasing categories

In addition, the Group takes CSR criteria into consideration in its purchasing decisions, depending on the product category. This is especially the case for the listing of company and service vehicles for which technical specifications related to air pollution have been introduced. Criteria in building materials such as the use of water-based inks in floor coverings are being implemented in France, Germany, Austria, Spain and Portugal.

In France, plastic cups have been removed from vending machines and from common use within the facilities. Water fountains are also favoured over plastic bottles. PEFC-labelled paper will be gradually rolled out to all sites in France starting in 2021. This dynamic will be amplified in particular as part of the application of the Egalim law in France.

4.7.2 DEVELOPING A POLICY OF OPEN INNOVATION

4.7.2.1 OPEN INNOVATION AT ORPEA

Innovation is a key element in ORPEA's development to incorporate changes in terms of market challenges and user expectations. For ORPEA, its main purpose is to improve the care and services provided to residents and patients as well as the working conditions of employees — challenges directly linked to the CSR roadmap. In this respect, the corporate 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 encourage collaboration between geographical regions. It also ensures that Innovation is consistent with the Group's strategic challenges.

To this end, ORPEA has adopted an Open Innovation policy, which values and encourages different sources of innovation, both internal and external, and ranging from management to field. As a result, the Group had 108 active projects at 31 December, based on four areas of innovation:

- Health and care: 53 active projects;
- Catering and hospitality: 14 active projects;
- Construction and real estate: 14 active projects;
- Processes: 27 active projects.

Definition of an Innovation roadmap

In 2020, the Group defined a roadmap to develop a systematic approach focused on a selection of key objectives, some of which are directly linked to CSR issues (such as the well-being of residents/patients/employees or the energy efficiency of buildings). The roadmap gives rise to ambitious projects aimed at making the Group's vision and leadership a reality. They are based on collaboration between geographical regions and supplemented by external stakeholders, a forward-looking view of the market and a commitment to accelerated scaling of solutions.

"Glo-cal" management

In 2020, the corporate innovation department also focused on clarifying governance and processes of Innovation to offer a coordinated but decentralised approach as close to the facts in field as possible. This organisation involves the establishment of:

- an innovation project process common to the Group which, while adhering to an agile methodology, secures the iterative testing of innovative projects;
- one Innovation officer for each geographical region in charge of the local project portfolio and coordination with the corporate department;
- one Innovation Committee for each geographical region which monitors and validates the testing of local opportunities according to the project process mentioned above. This multidisciplinary committee encourages everyone to take ownership of issues, facilitates collaboration between departments and optimises the implementation of projects;
- a Group Innovation Committee which monitors and validates the testing of strategic projects involving several geographical regions at Group level. This committee includes a representative for each geographical region among its members, which validates any decisions on large-scale deployment of local or Group projects. This allows for consistency of effort and provides an opportunity to share the best practices.

Establishment of a tool for centralising and monitoring collaborations

The Open Innovation policy adopted by the Group aims to decompartmentalise its Innovation and capitalise on various sources of Innovation (internal and external). To ensure control of incoming flows, the Group has equipped Innovation with a platform for monitoring opportunities in the form of start-up applications and monitoring of projects for testing. The Enovea Network platform is used to:

- collect and classify requests or ideas for innovation ("innovation desk");
- oversee and share the progress of projects;
- share best practices and the start-up database, giving them visibility throughout the Group.

The platform is a tool shared by all geographical regions. The innovation officer for each region provides the documentation of innovative initiatives in the tool. The platform makes it possible to monitor the overall coherence of Innovation for the Group while facilitating sharing and exchanges between officers.

4.7.2.2 CREATING EFFECTIVE CONDITIONS FOR COLLABORATION WITH INNOVATIVE PARTNERS

As part of the Group's Open Innovation policy, a framework that favours effective and mutually beneficial collaborations must be created with start-ups and other external innovative partners. Three crucial issues have been addressed by the corporate innovation department:

- increasing the Group's accessibility to innovative partners;
- establishing a tool for centralising and monitoring collaborations;
- strengthening the Group's flexibility.

Increasing the Group's accessibility to innovative partners

Several measures have been taken to make the Group more accessible and understandable to innovative partners:

- establishment of a single point of contact in the person of the innovation officer for the geographical region, who receives and centralises opportunities and requests for collaboration with external partners. The officer then coordinates the internal stakeholders through an iterative opportunity classification process;
- establishment of an online application portal where innovative partners can submit their projects. There are two submission processes, one for unsolicited applications and one for theme-based calls for projects. These applications are processed by the innovation officer.

Establishment of a tool for centralising and monitoring collaborations

To facilitate contact with ORPEA, provide a clear and explicit framework for collaboration and ensure effective monitoring of projects, the Group has developed a platform for monitoring opportunities consisting of start-up applications and monitoring of projects for testing (see above).

At 31 December 2020, the Group had already identified 137 start-ups with whom discussions had been initiated for innovative projects in the four areas of innovation.

- Health and care: 47 partners listed at 31 December;
- Catering and hospitality: 16 partners listed at 31 December;
- Real estate and accommodation: 23 partners listed at 31 December;
- Processes: 51 partners listed at 31 December.

Strengthening the Group's flexibility

By reviewing its structure and processes, the Group has optimised its flexibility and ability to collaborate effectively with innovative partners. This means that:

- the single point of contact in the person of the innovation officer gives innovative partners better accessibility and simplified navigation within the Group;
- the monthly recurrence of innovation committees within the geographical regions helps to facilitate decision-making for innovative projects;
- for each geographical region, contact points in the support departments are identified and facilitate progress in the project process.

4.8 Being involved in the local community

OVERVIEW OF CHALLENGES

By the nature of its activity and its high level of development, ORPEA is a committed regional player. This contribution is first and foremost economic and social, linked to the creation of local jobs; but ORPEA also contributes to making cities more inclusive and supportive by actively forging links 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 as close as possible to their personal support network, ORPEA is able to have a positive impact on society.

4.8.1 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. Therefore, ORPEA is building a health project with these local stakeholders that will best address the economic, social and urban challenges of the region. In this way, ORPEA creates permanent jobs that cannot be relocated in all countries in which it operates and in all of its business lines. In 2020, ORPEA created over 900 jobs worldwide through the opening of new facilities.

ORPEA is also involved in the construction of new neighbourhoods or 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. More than 25,000 beds are under construction and being restructured in Europe and Latin America. In the context of these projects, ORPEA systematically calls on local service providers, from the preliminary study to the delivery of the building. The general contractors, design offices and architects involved in these projects are all local stakeholders.

4.8.2 COOPERATING WITH LOCAL HEALTHCARE PROVIDERS

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 (medical, surgical, in-home hospitalisation, post-acute and rehabilitation, nursing home), while establishing a high level of coordination with ambulatory care. Today, a treatment pathway has to provide an integrated, structured and continuous care plan for patients, as close as possible to their homes (ambulatory and hospital care — medical, rehabilitation etc. — nursing care etc.).

Mindful of these challenges, the ORPEA Group's facilities in all countries establish cooperation agreements and/or work closely with hospitals, clinics, home care and home hospitalisation services. This dynamic approach helps to build effective relationships facilitating resident/patient admissions for medical or geriatric care check-ups, reduce hospitalisation and the use of emergency services and make it easier for patients/residents to return to their nursing home or hospital once their condition has stabilised.

These collaborations, which take place at the national, regional or local level:

- **provide continuity of care for patients/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;
- **take part in building a care network** that is capable of covering the full spectrum of healthcare needs of the population living in the local area.

This trend towards operating as part of a network is also essential for maintaining local relationships with the institutions and facilities recommending and sending patients/residents to the Group.

For example, the ORPEA Group's nursing homes are developing close ties with:

- home hospitalisation services and mobile palliative care teams (especially in France, Germany, Switzerland) to support the provision of 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 who want to see them and improve their oral hygiene, which has a favourable impact on the quality of nutrition;
- networks of pharmacies, medical analysis laboratories and medical imaging centres to facilitate access to medical treatment;
- optical service providers who allow residents to benefit, without having to travel, from expertise for their visual correction, advice on the maintenance of their glasses, etc.

In post-acute and rehabilitation hospitals, the Group's facilities have begun to formalise networks and pathways within their territory, structured by speciality and pathology. Within this framework, clinics belong to the networks in their territory according to their speciality (geriatrics, addiction treatment, oncology etc.).

In this context, the Group's clinics are committed to being partners or members of local hospital groups (whose objective is to define and implement a joint medical and care strategy at the regional level to guarantee patients a comprehensive, coordinated and local healthcare offer as part of a total care approach), as well as local healthcare professional communities (encourage healthcare professionals to organise themselves to meet the health needs of the population and cooperate in a spirit of collective responsibility). Likewise, all psychiatric hospitals participate in local mental health projects.

Finally, 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 chronic psychotic patients 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 Germany, a psychosomatic clinic offers a specific support programme for patients from migrant backgrounds (mostly second- and third-generation) suffering from integration problems combined with psychiatric disorders to help them reintegrate, in cooperation with the social services of the *Länder*. In Switzerland, a psychiatry clinic works with city psychiatrists and the HR departments of companies in the canton to treat patients with work-related psychopathological disorders to treat them at a preventive stage and thus avoid serious burn-out.

In 2020, this long-standing policy has enabled partnerships to be put in place as quickly as possible to tackle the Covid-19 health crisis. In France, ORPEA has signed a partnership with the Elsan and Ramsay groups to be able to receive symptomatic nursing home residents carrying the virus in a sanitary environment and provide the necessary care and medical monitoring. These partnerships have made it possible to supplement the care offered by the CLINEA clinics, offering a denser territorial network and reception solutions in localities where CLINEA is not established. In Poland and Belgium, agreements have been signed with a laboratory to implement a Covid-19 screening policy.

CONTRIBUTING TO THE GROWING MOMENTUM OF OUTPATIENT CARE

Building on the approach of opening up and cooperating with others to a greater extent, the ORPEA Group's health facilities are well placed to benefit from the trend towards more outpatient care sought by the public authorities and over the past few years they have begun to develop outpatient and night hospitalisation services.

With the funding shortage affecting many countries and the advance in medical techniques, the public authorities have been seeking to develop alternatives to inpatient care for three reasons:

- reducing inpatient stays and switching more to outpatient and night hospitals and external consultations;
- making healthcare more efficient, which requires greater coordination between all the participants in the chain and helps to break down the barriers between ambulatory and hospital care;
- meeting demand in society to allow for the return of patients to their socio-professional environment or to enable them to remain in their normal living environment (patients want to lead independent lives wherever possible and get back to "ordinary" life as rapidly as they can).

In France and Austria, many facilities operate an outpatient hospital service, including both post-acute and rehabilitation hospitals and psychiatric hospitals. Several psychiatric hospitals in the Netherlands and elsewhere also offer night hospital places and supported housing.

In Germany, outpatient rehabilitation units have set up specific programmes for the rehabilitation of patients who have had workplace accidents with severe musculoskeletal disorders. These programmes have been developed with companies and local occupational physicians to involve employers in rehabilitation and prevention in risky workplaces.

4.8.3 ENRICHING AND TRANSMITTING KNOWLEDGE

Being a responsible corporate citizen also involves taking part in research, passing on and sharing knowledge and best practices to help respond to public health challenges and contribute to the improvement in care for vulnerable persons with loss of independent living skills.

4.8.3.1 RESEARCH

ORPEA initiated and pursued several research actions in 2020, the main ones being:

1. **In the field of academic research:** ORPEA supports research projects, funds doctorates and contributes to the training effort through corporate research with four doctoral theses in France:
   - the first one in the field of neuroscience concerns the development and validation of a system for measuring balance in the elderly and the prediction of the risk of falls (Armed Forces Health Department/Pierre & Marie Curie University);
   - the second thesis, supervised by the Pierre & Marie Curie University and the nursing sciences research chair at Paris-13 University, is a public health thesis focusing on improving the quality of support in care homes for the elderly and their families;
   - lastly, at the initiative of the Group's psychology department, two clinical psychology and psychopathological theses are currently being worked on at Paris-Descartes University — one devoted to the use of storytelling as a therapy for adolescents, and the other on the use of projection methods in the study of the relationship between narcissism and object relations in patients with Alzheimer's.

   In Italy, the Group is involved in a partnership with the University of Turin in a linguistic research programme about individuals suffering from dementia, with the aim of improving interactions with care workers.
2. **Within the Association for the Promotion of Mental Health Care in Institutions (APSPI)**: created in 2014 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. The association conducts theoretical and clinical research and may write and publish journals, collaborate in publications, organise scientific awareness days and provide training. In 2020, the association published two issues of its journal “Cliniques”, which is published by Erès, and organised its annual conference on symptoms, which was open to professionals from all lines of work (public, private or associations, health or nursing home entities, in France or abroad) representing a multitude of therapeutic approaches.

In addition, the Group is a partner in France of the Regional Federation for Research of Mental Health and Psychiatry (Fédération Régionale de Recherche en Psychiatrie et Santé Mentale) as well as four regional research facilities: CRPPC (Research Centre for Psychopathology and Clinical Psychology), LAPCOS (Laboratory of Anthropology and Clinical, Cognitive and Social Psychology), LCPI (Clinical Pathology and Intercultural Laboratory) and PCPP (Laboratory of Clinical Psychology, Psychopathology and Psychoanalysis).

The Group also works with three associations and learned societies for training in Île-de-France, led by professors of medicine, and as such participates actively in research and teaching protocols: APEP (Psychoanalysis and Psychotherapy Association), IVSO (Seine Ouest Virtual Institute), Société Française du Rorschach, WAIMH-France and ASMI WAIMH España, affiliates of the World Association for Infant Mental Health.

CSR OBJECTIVE FOR 2023

To strengthen this policy, ORPEA aims to establish a research partnership with a renowned university or institution of higher education in all countries where the Group operates.

4.8.3.2 MEDICAL AND SCIENTIFIC PUBLICATIONS

The Group pursues a dynamic publication policy. In 2020, 17 articles were published in international peer-reviewed scientific journals compared to nine last year.

Articles in peer-reviewed journals

- Dellinger, J. K., Pitzer, S., Schaffler-Schaden, D., Schreier, M. M., Fährmann, L. S., Hempel, G., Likar, R., Osterbrink, J., Flamm, M. (2020). Improving medication appropriateness in nursing homes via structured interprofessional medication-review supported by health information technology: a non-randomized controlled study. BMC Geriatrics. 20(1):506. Doi: 10.1186/s12877-020-01895-z.
- Groenendijk, I., Kramer, C. S., den Boeft, L. M., Hobbelen, H. S. M., van der Putten, G. J., de Groot, L. C. P. G. M. (2020). Hip Fracture Patients in Geriatric Rehabilitation Show Poor Nutritional Status, Dietary Intake and Muscle Health. Nutrients. 12(9): 2528. Doi: 10.3390/nu12092528.
- Teissier, V., Leclercq, R., Schiano-Lomoriello, S., Nizard, R., Portier, H. (2020). Does eccentric-concentric resistance training improve early functional outcomes compared to concentric resistance training after total knee arthroplasty? Gait & Posture. 79:145-151. Doi: 10.1016/j.gaitpost.2020.04.020.
- Murillo-Zamora, E., García-López, N. A., de Santiago-Ruiz, A., Chávez-Lira, A. E., Mendoza-Cano, O., Guzmán-Esquivel, J. (2020). Characterisation of palliative sedation use in inpatients at a medium-stay palliative care unit. International Journal of Palliative Nursing. 26(7):341-345. Doi: 10.12968/ijpn.2020.26.7.341.
- Al-Salameh, A., Bucher, S., Bauduceau, B., Benattar-Zibi, L., Berrut, G., Bertin, P., Corruble, E., Danchin, N., Derumeaux, G., Doucet, J., Falissard, B., Forette, F., Hanon, O., Ourabah, R., Pasquier, F., Pinget, M., Becquemont, L., Ringa, V. (2020). Sex Differences in the Occurrence of Major Clinical Events in Elderly People with Type 2 Diabetes Mellitus Followed up in the General Practice. Experimental and Clinical Endocrinology and Diabetes. 128(5):311-318. Doi: 10.1055/a-0662-5923.
- Berrut, G., de Decker, L., Aquino, J.-P., Ahmine, S., Amalberti, N., Arlaud, C., Aubry, A., Beau, P., Behara, H., Bernard, F., Bloch, F., Bonin-Guillaume, S., Boureau, A.-S., Chaffringeon, A., Chaudier, B., Collins, C., Courau, A., Cudennec, T., Debray, M., Fougère, B., Gaudeau, D., Huvent-Grelle, D., Laurent, M., Mizzi, B., Maley, K., Mecheri, H., Merlhès, C., Merouani, B., Nicolini, M., Pautas, E., Pellerano, B., Piet, E., Rascle, C., Rouaud, A., Somme, D., Gavazzi, G., Salles, N., Guérin, O. (2020). *Les unités de gériatrie au début de l’épidémie du Covid-19 de 2020 en France* [Geriatric units at the beginning of the 2020 COVID-19 epidemic in France] Gériatrie Psychologie Neuropsychiatrie du Vieillissement. 18(2):125-133. Doi: 10.1684/pnv.2020.0871.
- Vienne-Jumeau, A., Quijoux, F., Vidal, P.-P., Ricard, D. (2020). Wearable inertial sensors provide reliable biomarkers of disease severity in multiple sclerosis: A systematic review and meta-analysis. Annals of Physical Rehabilitation Medicine. 63(2):138-147. Doi: 10.1016/j.rehab.2019.07.004.
- Vienne-Jumeau, A., Oudre, L., Moreau, A., Quijoux, F., Edmond, S., Dandrieux, M., Legendre, E., Vidal, P. P., Ricard, D. (2020). Personalized Template-Based Step Detection From Inertial Measurement Units Signals in Multiple Sclerosis. Frontiers in Neurology. 11: 261. Doi: 10.3389/fneur.2020.00261. eCollection 2020.
- Antigny, C. (2020). The clinical psychologist reflecting on his group and the institution to which he belongs. Questions and conditions for practising from the inside on the inside. Connexions. 113(1): 109-120. Doi: 10.3917/cnx.113.0109.
- Antigny, C., Bittolo, C., Drweski, P., Renouf, L., Riand, R., Schom, A.-C. (2020). “The unconscious is not private property.” Towards a change of paradigm in teaching and research in psychology? An interview with Jean-Pierre Vidal. *Revue de psychothérapie psychanalytique de groupe.* 75(2): 203-215. Doi: 10.3917/rppg.075.0203.
- Fourques, C. (2020). In complete intimacy. Ethical reflection on the patient–psychologist relationship in long-term care institutions. Cliniques. 19(1): 171-188. Doi: 10.3917/clini.019.0171.
- Fourques, C., Verdon, B. (2020). *Les ressources psychiques des personnes malades d’Alzheimer à la lumière des méthodes projectives* [Psychic resources of people with Alzheimer’s disease in the light of projective methods]. NPG Neurologie - Psychiatrie - Gériatrie, 20:240-247. Doi: 10.1016/j.npg.2020.03.009.
- Havreng-Théry, C., Giner-Perot, J., Zawieja, P., Bertin-Hugault, F., Belmin, J., Rothan-Tondeur, M. (2020). Expectations and Needs of Families in Nursing Homes: An Integrative Review. Medical Care Research and Review. Doi: 10.1177-1077558720907183. Online ahead of print.
- Perrin-Costantino, C., Verdon, B. (2020). The patient’s intimacy put to the test by exchanges within the team: Psychological assessment and therapy. Cliniques. 19(1): 189-205. Doi: 10.3917/clini.0171.
- Quijoux, F., Vienne-Jumeau, A., Bertin-Hugault, F., Zawieja, P., Lefèvre, M., Vidal, P.-P., Ricard, D. (2020). Center of pressure displacement characteristics differentiate fall risk in older people: A systematic review with meta-analysis. Ageing Research Reviews. 62: 101117. Doi: 10.1016/j.arr.2020.101117.
- Zawieja, P., André, C., Bay, J. Coquet, I., El Keurti, G., Benattar, L. (2020). *Questionnements éthiques cliniques liés à la Covid-19 en EHPAD : une étude exploratoire* [Clinical ethical issues related to Covid-19 in nursing homes: an exploratory study]. *Revue de gériatrie.* 45(8): 469-474.

- Dot, T., Quijoux, F., Oudre, L., Vienne-Jumeau, A., Moreau, A., Vidal, P.-P., Ricard, D. (2020). Non-Linear Template-Based Approach for the Study of Locomotion. Sensors (Basel). 20(7): 1939. Doi: 10.3390/s20071939.

Published volumes

Costantino, C., Danon-Boileau L. (dir.). *L'accueil de l'autre*. Paris: PUF, coll. *Débats en psychanalyse*.

Chapters in published volumes

- Verdon, B. Fourques, C. (2020). *L'épreuve du temps : changements et après-coup*. In: Danon-Boileau L. and Costantino. C. (dir.). *L'accueil de l'autre*. Paris: PUF, coll. *Débats en psychanalyse*, pp. 185-199;
- Fourques, C. (2020). *Pourquoi j'ai fait la gamine ? Expression fragile de la conflictualité œdipienne chez une femme âgée souffrant d'une pathologie neurodégénérative*. In: Gutton P. and Verdon, B. (dir.) *Fragilité et force du lien*. Paris: In Press, pp. 243-259.

Articles in non-peer-reviewed journals

Zawieja, P., Benattar, L. (2020). *Éthique et Covid-19 en EHPAD : retour d'expérience. Soins Gérontologie*. 146: 21-22.

Studies and reports

- Famira-Mühlberger, U. (2020). Pflegevorsorge in Gemeinden. Vienna (Austria): Österreichisches Institut für Wirtschaftsforschung (on behalf of SENECURA Kliniken- und HeimebetriebsgmbH and Österreichischem Gemeindebund).
- Collectif (2020). Pflege in den Gemeinden, Online survey conducted in partnership with Kommunalnet, Vienna. (*Pflege als große Herausforderung für Gemeinden — Kommunalnet*).

The Department of Psychology participates through its association in the editing of seven specialist journals: *Adolescence, L'Année Psychanalytique Internationale, Les enfants de la psychanalyse, Psicologia Clinica, Psychologie clinique et projective, La Revue française de psychanalyse* and Rorschachiana.

4.8.3.3 EDUCATION

ORPEA takes part in and designs vocational training programmes in areas related to its core business to spread the knowledge it has gained more widely. Examples include the creation and/or coordination of:

- a joint diploma from ORPEA and Beijing Union Medical College Hospital (PUMCH) for training in geriatric care, the PUMCH-ORPEA Joint Training Program in Elderly Care, which ran for the eighth time in 2020;
- an induction course and educational programme leading to a university diploma in nursing home management with the University of Nice;
- a university diploma in geriatric rehabilitation in conjunction with the University of Nice, now available via e-learning, in collaboration with the University of Paris 7 and the Pitié-Salpêtrière University Hospital;
- a university diploma in gerontology in association with the University of Paris 7 and the Charles-Foix Hospital (Pitié Salpêtrière Group);
- a university diploma in sports cardiology with the University of Paris VI (Pierre et Marie Curie);
- a university diploma in hospital hygiene via e-learning, in conjunction with the University of Montpellier-Nîmes;
- a university diploma in 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;
- the EPP, *École de Psychologues Praticiens*.

Moreover, in France, 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.

4.8.3.4 SHARING EXPERIENCES WITH LOCAL HEALTH PROFESSIONALS

As part of its drive to open up and cooperate with other local healthcare providers, the Group also 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 2020, the following topics in particular 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 Italy, around 10 conferences were open to the public on topics such as the use of medication, anxiety and depression in the elderly, early detection of cognitive disorders, introduction to Snoezelen therapy.

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. Noteworthy presentations in 2020 included:

- Carlioz, R., Vieillescazes, J., Bertrand, J. H., Miramont, V., Defrance, C., Delhautal, J. (2020). Evaluation attempt of respective benefits of cardiac rehabilitation and valsartan/sacubitril association in patients with heart failure and impaired systolic function. Archives of Cardiovascular Diseases. 12(1):149-150. Doi 10.1016/j.acvdsp.2019.09.298, presentation at the European Days of the French Society of Cardiology, January 2020, Paris.

In France, the Group participates in and is a partner of the main national congresses of Psychiatry and Addiction Treatment such as the Encéphale, Albatros, CFP and CPLNF.

In 2020, many of these initiatives could not be held due to the pandemic.

4.8.4 SHOWING SOLIDARITY IN ITS REGION

ORPEA facilities are involved locally to help support the most vulnerable populations. This commitment takes several forms.

4.8.4.1 OPENING OF FACILITIES TO COMBAT SOCIAL ISOLATION

In all the countries where the Group operates, facilities are also places for meetings and discussions so that they can contribute, at their own scale, to the development of social bonds within their community, especially for the most vulnerable groups:

- in the summer or winter, during any heatwave or cold spell, the Group's nursing homes graciously welcome isolated elderly people from the municipality, out of solidarity between neighbours and as a preventive measure;
- over the Christmas period in France and Spain, ORPEA's nursing homes offer elderly people living on their own in the local area a festive meal with the residents;
- on calendar holidays and other local days of celebration, a number of facilities regularly welcome neighbours, associations and residents of the community for fun, relaxation and dialogue;
- creating regular encounters between young and elderly people. In Austria, several facilities have gone so far as to open up a crèche on the premises, as has one facility in Spain and three more in France.

However, in 2020, the facilities were not able to repeat the annual operations usually carried out during the heat wave and at the end of the year. The health situation did not allow the doors of facilities to be opened as much as usual, given the risk of the virus spreading.

4.8.4.2 SUPPORT FOR PROJECTS OF GENERAL INTEREST

The facilities and subsidiaries of the ORPEA Group undertake numerous charitable initiatives for the benefit of local organisations to help play a role in community life in a positive way. As a result, several fundraising events and/or collections of donations, in which employees take part, are undertaken in all countries to help support local associations, mainly in the areas of health, disabilities and medical research:

- **against neurodegenerative diseases and dementia**: for example, in France and Belgium, where the Group's nursing homes support the local branches of national Alzheimer's associations through various events (open houses, conferences etc.);
- **against cancer**: in France in support of the Imagine for Margo association, for which the Group's facilities helped to finance new treatments for paediatric cancers, but also in support of the French League against Cancer, during the "Pink October" operation, or through the participation of staff in local solidarity sports events, such as in Italy with the "Life is Pink" association. Italy also made a donation to the Piedmont Foundation for Cancer Research. In Italy, there is also a partnership with the Italian Association against Leukaemia, Lymphoma and Myeloma;
- **against disability and neurological disease**, through various operations to collect donations or sponsorships. To that end, in France, ORPEA is a committed player in promoting the AFM Telethon, ELA, which helps and supports families affected by leukodystrophy, while others work for the benefit of French Guide Dog Association. In Austria, the Group supports the Austrian Diabetics Society and the local Wildbad association for children with heart conditions;
- **to promote inclusion**: a number of facilities are carrying out local initiatives in their territory, both for the professional integration of young people (with partnerships with the *École de la 2e Chance* or *Protection Juridique de l'Enfance*, for example), and solidarity with those in need with actions for the benefit of the Little Brothers of the Poor, *Restos du Cœur*, the Samaritans (Belgium) and The friends of the Blind (Belgium).

The ORPEA Group is committed to strengthening its relationships and exchanges with all patient associations (Alzheimer's, Parkinson's, alcoholics, etc.).

Finally, as part of their events and entertainment and therapeutic workshop programme, the Group's facilities may invite local cultural or musical associations and local artists, for example, to perform on site. They thus provide indirect support for these associations. Many facilities also provide local associations with meeting rooms that enable them to organise self-help groups, information meetings and time for exchanges with their beneficiaries.

4.8.4.3 PREVENTION ACTIONS 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.

These information days generally cover the following topics:

- help for carers;
- legal protection for adults;
- balance and fall prevention;
- suitable physical activity;
- food and nutrition;
- sleep;
- range of treatment for pain;
- Alzheimer's disease (in Spain, monthly meetings are also offered covering this topic for professionals, neighbours, families etc., in all ORPEA Ibérica's facilities via "Alzheimer cafés").

Occasional or even seasonal topics are also offered in many countries, such as information campaigns for the flu vaccine (in France, Spain, Switzerland and Austria) or what to do if you have elderly relatives in the event of a heatwave.

In addition, the Group's facilities actively participate in raising the awareness of the local population on world or national days such as World Alzheimer's Day (in all countries), World Diabetes Day (in Austria and France), national days for carers (Switzerland, Italy), breast cancer (Italy, France), Tobacco-Free Month (France), Mental Health Information Weeks (France) or Patient Safety Week (France).

In 2020, this solidarity policy could not be fully deployed due to the pandemic. However, it was in this spirit that ORPEA wished to contribute to the support of the population of Beirut as soon as it was announced that an explosion had hit the centre of the city hard in August 2020. As an example, ORPEA delivered essential medical equipment to hospitals in Beirut. This equipment, a list of which was prepared in coordination with St Joseph's Hospital in Beirut, of which ORPEA is a partner, corresponded to a sum of approximately €200,000 in donations.

Nevertheless, the health crisis has shown how integrated the facilities are into local life. All over the world, both residents and ORPEA employees have benefited from the solidarity shown by companies, associations, schools and individuals.

CSR OBJECTIVE FOR 2023

All facilities conduct at least one solidarity action during the year.

THE ORPEA FOUNDATION FRANCE CELEBRATES ITS 1st BIRTHDAY

In 2019, the ORPEA Group created a Corporate Foundation in France to structure its sponsorship policy around long-term projects and offer a real contribution to the beneficiaries of the actions implemented. The ORPEA Foundation supports initiatives or projects carried out by general interest entities through cash and/or skills sponsorship. For its initial mandate, the ORPEA Foundation will carry out actions in France.

In 2019, the Foundation's main areas of action were defined following a consultation of all employees in France. As a result, the ORPEA Foundation's purpose will be to **transmit and create ties** through:

- **Education:** prevent dropping out of school and promote the professional integration of young people;
- **Health:** promote access to care, especially for the youngest, and support after care.

The Foundation operates through two types of approaches, via national strategic partnerships and via support for projects sponsored by employees identified through the organisation of two in-house calls for projects.

The ORPEA Foundation established two strategic partnerships with two associations: C'Possible and Rêv'Elles, who work for the professional integration of young people. Since its creation, the Foundation has received more than 90 requests for support for solidarity projects, and 21 were selected in 2020. The health crisis did not prevent the involvement of around 200 employees in local solidarity projects (530 hours of skills sponsorship).

The Board of Directors of the ORPEA Foundation is made up of representatives of the ORPEA Group, its founder, employees and qualified individuals from outside the Group. The Foundation has also set up a selection committee made up of 35 employee representatives from ORPEA's core businesses.

4.9 Assessing CSR performance

For several years, the Group has been committed to transparency by regularly responding to questionnaires from non-financial rating agencies. Year after year, the ORPEA Group consolidates its overall CSR performance as assessed by the main rating agencies. For 2020:

- Gaia Rating: 69/100;
- ISS-Oekom: ORPEA has Premium status, meaning that ORPEA meets the sector's Sustainable Development requirements. (Rating: C since 2015);
- MSCI (Morgan Stanley Capital International): ORPEA has had an "A" rating since April 2017;
- Sustainalytics: the level of risk was rated at 25 (Medium Risk) on a scale from 0 to 40 and above, unchanged since 2018.

All non-financial ratings mentioned above give the Group a favourable positioning in relation to its sector:

Agencies	ORPEA	Sector
Gaia	69	51
ISS-Oekom	C	Note < C: 75% of the sector
MSCI	A	Note < A: 52% of the sector
Sustainalytics	25	ORPEA rated 215/544 (healthcare) 7/114 (medical facilities)

Thanks to the recognition of this level of performance, the Group is included in the main non-financial indices that include issuers with the most advanced environmental, social and governance (ESG) practices:

- FTSE4Good, created by FTSE Russell;
- The major **STOXX**® indices (STOXX France 90 ESG-X, EURO STOXX® ESG-X, EURO STOXX® Mid ESG-X etc.);
- the indices managed by MSCI, in particular the EUROPE ESG UNIVERSAL SMALL CAP index.

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 dealing with non-financial topics such as "Ageing better with Digital" (Bryan Garnier) or "Innovations and Silver Economy" (Kepler Cheuvreux).

4.10 Methodology used for social and environmental data reporting

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 that specifies the methodologies to be used for reporting the various indicators for the entire Group and consists of definition, calculation method and calculation unit. The corporate, 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 companies 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 region in line with the other information in the Universal Registration Document. By geographical region, the following countries are consolidated:

- France Benelux: France, Belgium, the Netherlands;
- Central Europe: Germany, Italy and Switzerland;
- Eastern Europe: Austria, the Czech Republic, Poland and Slovenia;
- Iberian Peninsula: Spain and Portugal;
- Rest of the world: China.

In 2020, some countries, although included in the financial scope of consolidation but not yet fully integrated from a social and environmental standpoint, were excluded from the scope of reporting. This refers to Brazil (four facilities at 30 June 2020), Mexico (one facility at 30 June 2020), Latvia (one facility at 30 June 2020), Uruguay (one facility at 30 June 2020).

However, social data for Ireland (five facilities that joined the Group in October 2020) was available and included in the consolidated data for all social indicators except for training hours.

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 human resources 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, failing that, the related margins of uncertainty are specified, wherever possible.

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.

With the exception of Poland, for which "*umowa cywilnoprawna*" are included, which is the equivalent of "civil contracts", given the large proportion of this type of contract.

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 open-ended.

Fixed-term contracts are contracts for which an end date is defined or indefinite when the employment contract is signed.

The local definition of an open-ended contract is used, i.e. including for example the concept of on-demand open-ended contracts (Switzerland) and excluding the concept of undefined-term replacement contract (Belgium).

With regard to China, with the exception of headquarters contracts, all contracts 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 region or one function to another.

Specific conditions for the SENEVITA entity (and Swiss clinics): "on-demand open-ended contracts" are considered to be part-time.

RECRUITMENTS

Open-ended contracts signed between 1 January and 31 December, including (with the exception of the Netherlands) open-ended contracts signed following a fixed-term contract (also called "internal switches") are taken into account.

This method includes all new hires who sign an open-ended contract during that period even though they may already have left during that period for whatever reason, such as end of probationary period, resignation, dismissal etc.

TURNOVER RATE

The formula used for the turnover rate is as follows:
average of new hires and departures on open-ended contracts (excluding Death and Retirement)/Number of employees on open-ended 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 weighted median of those rates is calculated.

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 occupational illness and workplace 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 open-ended).

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 occupational illness or workplace 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 1 March 2021 as follows:

China	7.8303
Poland	4.51811
Czech Republic	26.1889
Switzerland	1.09749

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.

To harmonise the type of training taken into account in the volume referenced, a change in the methodology for counting hours of training was made for France in 2020 (inclusion of 135,000 hours of work-study training). Please note that the training hours for Ireland were not available and were not reported.

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. In addition, only sessions are counted, i.e. an employee who received three training sessions in the year is counted three times.

WORKPLACE 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-related absences may or may not be counted as workplace accidents.

Frequency and severity rates were calculated for the geographical regions using the following definitions:

Frequency rate

Number of workplace accidents (+ commuting accidents) leading to at least one day of lost time/number of hours paid* 1,000,000

- a workplace 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.

Severity rate

Number of days lost/Number of hours paid* 1,000

- the number of days lost is the number stated on the accident report (in calendar days);
- in France, the formula used is still the same as in previous years — based on hours worked and not 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. In order to ensure the uniformity of this indicator, the Group has implemented common job descriptions on which this indicator is based following a linking of local job titles to the descriptions.

Four indicators have been created on the basis of the Group's job descriptions:

- Top management positions: general 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 and facility management and managers) are taken into account.

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

The sites below were excluded from the scope of reporting due to the absence of data for 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, data partially reported or not reported, senior assisted-living facilities without a general meter, etc.). Assisted living facilities with an equal amount of meters and apartments are excluded from the reporting (they are managed by tenants).In addition, data for administrative headquarters have not been taken into account. As a result, the scope of environmental data represents 95% of the scope of financial consolidation.

- Austria

  Frauenkirchen Dialyse.
- France

  Clinique Du Mont Valérien/Résidence Les Jardins De Charlotte/Résidence Chaillot/Crf Clinea Livry/Résidence Du Lac/Unité Méditerranéenne de Nutrition/Résidence Les Jardins De Jeanne/Résidence De Rognac.
- Poland

  Warsaw, Kijowska/Mazowia/Warsawa, KEN.
- The Netherlands

  Wageningen/Apeldoorn — Bij September Apeldoorn 2/Witmarsum/Bodegraven.
- Belgium

  Dilbeek — Wivina/D'arconati/Flanders — Aldea/Ventoux/Mont-Saint-Roch.
- Germany (Celenus)

  Inoges Holding GmbH, Krefeld/Inoges IV GmbH, Krefeld/Reha Gelsenkirchen/TheraNet Homberg/Reha Idar-Oberstein/TheraNet Recklinghausen/TheraNet Westfalen, Münster/TheraNet Westfalen, Ahlen/Reha Bayern, München/Reha Bayern, Heidelberg/TheraNet NRW, Telgte/TheraNet NRW, Lüdinghausen/TheraNet NRW, Beckum/TheraNet NRW, Greven/TheraNet NRW, Telgte II/RZ Hofhein/Taunus/Hofheim/RZ Hofhein/Taunus/Mainz/Reha Bensberg, Bensberg/Reha Rheinland, Meerbusch/Reha Rheinland, Kamp-Lintford/Reha Rheinland, Xanten/Reha Kleve, Kleve/TheraNet Duisburg, Huckingen/Reha Düsseldorf, Düsseldorf/Reha Krefeld, Westparkstrasse/Reha Krefeld, Ostwall/Reha Krefeld, Alexianer KR/Reha Krefeld, Alexianer Tönisvorst/Reha Krefeld, Königshof/Salvea Hüls/Kuwo Kleve/Prävention und Fitness IO.

CO_2 EMISSIONS GENERATED BY ENERGY CONSUMPTION IN 2020

Annual energy consumption was calculated in kWh in all countries. The coefficients used for the calculations come from the 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
The Netherlands	0.415
United Kingdom	0.457
Slovenia	0.325

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, the electricity conversion factor specific to each country was applied.

MEDICAL WASTE MANAGEMENT

In 2020, the scope of consolidation for PIMW includes France, Belgium, Italy, Spain and Portugal.

In France, tonnes of PIMW are calculated on the basis of invoices received from the sole service provider that processes the waste (for 329 facilities). For the facilities that use a different service provider (18 facilities or 5% of the total number of facilities in France that report waste data), the number of tonnes has been estimated based on the average number of tonnes of PIMW per facility type (nursing home, post-acute and rehabilitation hospital, psychiatric hospital).

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 regions.

4.11 The Group's main contributions to the United Nations Sustainable Development Goals (SDGs)

Pillar of CSR strategy	SDG	Targets	ORPEA Group contributions[1]
Residents/ patients/employees	3 GOOD HEALTH AND WELL-BEING	**3.4.** Promoting mental health and well-being **3.5.** Strengthening prevention and treatment of substance abuse, including drug abuse and harmful use of alcohol **3.d.** Strengthening the capacity of all countries for early warning, risk reduction and management of national and global health risks	Chapter 1 of this Universal Registration Document Chapter 4.4 Caregiving in an adapted living environment Chapter 4.5.3 Monitoring employee health and safety Chapter 4.7.1.2 Responsible purchasing procedures Chapter 4.4.2.7 Definition of a business continuity and crisis management plan
Employees	4 QUALITY EDUCATION	**4.3.** Ensuring that women and men have equal access to quality and affordable technical, vocational and tertiary education, including university education **4.4.** Significantly increasing the number of young people and adults who have the necessary skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Chapter 4.5.4.3 A training strategy to grow loyalty and build the future Chapter 4.5.5.3 Disability and Employment
	5 GENDER EQUALITY	**5.1.** Ending all forms of discrimination against women and girls **5.5.** Ensuring full and effective participation of women and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Chapter 4.5.5.1 Gender equality
Employees/ partners	8 DECENT WORK AND ECONOMIC GROWTH	**8.5.** Achieving decent work for all women and men, including young people and people with disabilities, and equal remuneration for work of equal value **8.7.** Taking immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and ensure the prohibition and elimination of the worst forms of child labour **8.8.** Protecting labour rights and promoting safe and secure working environments for all workers	Chapter 4.5.3 Monitoring the health, safety and well-being of employees Chapter 4.5.5.4 Complying with ILO conventions Chapter 4.7.1.2 Responsible purchasing procedures
Local communities	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.1.** Developing quality, reliable, sustainable and resilient infrastructures to support economic development and human well-being **9.5.** Strengthening scientific research, including by encouraging innovation	Chapter 4.6.1 General environmental policy Chapter 4.4.3.1 Facilities designed and equipped for well-being Chapter 4.8.3 Enriching and transmitting knowledge Chapter 4.7.2 Developing a policy of Open Innovation
	11 SUSTAINABLE CITIES AND COMMUNITIES	**11.1.** Ensuring access to adequate and safe housing and basic services for all **11.3.** Strengthening sustainable urbanisation for all	Chapter 4.8.1 Being part of a regional project Chapter 4.8.2 Cooperating with local healthcare providers Chapter 4.8.4 Showing solidarity in your region Chapter 4.6.1 General environmental policy

Pillar of CSR strategy	SDG	Targets	ORPEA Group contributions[1]
Environment/buildings	12 Responsible consumption and production	**12.2.** Achieving sustainable management and rational use of natural resources **12.3.** Reducing the amount of food waste per capita at both distribution and consumption levels and reducing food losses throughout the production and supply chains **12.5.** Significantly reducing waste generation through prevention, reduction, recycling and reuse	Chapter 4.6.2 and 4.6.3 Limiting energy and water consumption Chapter 4.6.4 Optimising waste management
	13 Climate action	**13.1.** Strengthening resilience and adaptive capacity to climate-related risks and natural disasters in all countries **13.2.** Integrating climate change measures into national policies, strategies and planning	Chapter 4.4.2.7 Definition of a business continuity and crisis management plan Chapter 4.6.1 General environmental policy
Employees/partners	16 Peace, justice and strong institutions	**16.2.** Ending abuse, exploitation, trafficking and all forms of violence and torture against children **16.5.** Substantially reducing corruption and bribery in all its forms	Chapter 4.7.1.2 Responsible purchasing procedures Chapter 4.3.2.1 Code of conduct Chapter 4.3.2.5 Gift policy Chapter 4.3.2.6 Guide to preventing and managing conflicts of interest Chapter 4.3.2.8 Responsible purchasing policy (third-party framework)
Local communities	17 Partnerships for the goals	**17.** Encouraging and promoting effective partnerships between the public sector, the private sector and civil society, building on the experience and funding strategies of partnerships	Chapter 4.8.2 Cooperating with local healthcare providers

(1) Refer to the chapters indicated.

■ Commitments related to membership of the United Nations Global Compact

Principles of the United Nations Global Compact	Corresponding ORPEA commitments
Human rights	Chapter 4.4.1 Respecting the rights and dignity of residents and patients Chapter 4.5.5 Promoting diversity and inclusion Chapter 4.7.1.2 Building a responsible purchasing policy
International labour standards	Chapter 4.5.5.4 Complying with ILO conventions Chapter 4.7.1.2 Building a responsible purchasing policy
Protection of the environment	Chapter 4.6 Limiting the Group's environmental footprint Chapter 4.7.1.2 Building a responsible purchasing policy
Fight against corruption	Chapter 4.3.2.1 Code of conduct Chapter 4.3.2.5 Gift policy Chapter 4.3.2.6 Guide to preventing and managing conflicts of interest Chapter 4.3.2.8 Responsible purchasing policy (third-party framework)

4.12 Report of one of the Statutory Auditors appointed as an independent verifier on the consolidated statement of non-financial performance

Year ended 31 December 2020

To the Shareholders,

In our capacity as Statutory Auditors of ORPEA designated as an independent verifier, accredited by COFRAC under number 3-1048 (scope of accreditation available on the www.cofrac.fr website), we hereby report to you on the consolidated statement of non-financial performance for the year ended 31 December 2020 (hereinafter the "Statement"), presented in the management report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for the preparation of 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 to address those risks and the results obtained from the policies, including key performance indicators. The Statement was prepared by applying the Company's procedures (hereinafter the "Guidelines"), the material aspects of which are presented in the Statement and are available upon request from the Company's registered office.

INDEPENDENCE AND QUALITY CONTROL

We are independent from the Company in accordance with the requirements of 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 ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT VERIFIER

Our responsibility is, on the basis of our work, to express a limited assurance conclusion as to:

- the compliance of the Statement with the provisions laid down in 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, that is on the results of the policies, including key performance indicators, and actions taken with respect to the principal risks, hereinafter the "Information".

However, it is not our responsibility to express an opinion on the entity's compliance with other applicable laws and regulations, in particular with regard to due diligence, anti-corruption and tax matters, or on the compliance of products and services with applicable regulations.

NATURE AND SCOPE OF THE WORK

We conducted our work as described below in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code on the conditions under which the independent verifier performs its engagement and with the professional standards of the French national auditing institute (*Compagnie nationale des Commissaires aux comptes*) as regards such engagement, and in accordance with international standard ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We performed work to assess the conformity of the Statement with the regulatory provisions and the fair presentation of the Information:

- We have reviewed all companies included in the scope of consolidation and the presentation of the main 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 the second paragraph of Article L. 22-10-36 with regard to 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 main 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 its business relationships, its products and its services, as well as policies, measures and results, including key performance indicators.

- We consulted documentary sources and conducted interviews to:
  - assess the process for selecting and validating the main risks as well as the consistency of the results, including the key performance indicators selected, with respect to the main risks and policies presented; and
  - corroborate the qualitative information (actions and results) that we considered most important[(1)] with work done at the level of the consolidating entity.
- We verified that the Statement encompasses the whole consolidated scope, that is 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 have assessed the collection process implemented by the entity to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative results[(2)], which we considered to be the most important, we implemented:
  - analytical procedures to verify that the data compiled was consolidated correctly and that the changes are coherent;
  - detailed testing based on sampling, which consisted in verifying the calculations made and reconciling the data with the supporting documents. These procedures were conducted on a selection of contributory entities[(3)] and encompass 18% of employees for social information and between 13% and 38% for environmental information of the consolidated data for the key performance indicators and results selected for these tests.
- We assessed the overall consistency and coherence of the Statement based on our knowledge of the entity.

We believe that the work we performed by exercising our professional judgement allows us to express a limited assurance conclusion; a higher level of assurance would have required a more extensive review.

RESOURCES

Five people worked on this assignment between February and April 2021.

To assist us in conducting our work, we referred to sustainable development and societal responsibility specialists in our firm. We conducted ten interviews with the persons responsible for preparing the Statement.

CONCLUSION

Based on our work, we have not identified any material misstatements that call into question the fact that the Statement of non-financial performance meets the regulatory provisions applicable and that the CSR Information, taken together, is presented fairly, in accordance with the Guidelines.

Paris-La Défense, 7 May 2021

One of the Statutory Auditors,

Deloitte & Associés

Jean-Marie Le Guiner

Partner, Audit

(1) Selected qualitative information: Fighting against food waste, Optimising waste management, Ensuring the health, safety and well-being of its employees, Cooperating with care providers, Developing employees (development centre), Supporting the ethical reflection of teams in the field, Maintaining a transparent dialogue with residents, patients and families, meeting their expectations.

(2) Quantitative information: Headcount, % of open-ended and fixed-term contracts, % of men and women, % of full-time and part-time, staff hires on permanent contracts, turnover rate, remuneration, absenteeism rate, changes in workplace accidents (frequency and severity), number of hours of training, Group water consumption, Group electricity and heating consumption, CO_2 emissions in relation to energy consumption in 2020, production of potentially infectious medical waste (PIMW) for France and Belgium.

(3) ORPEA Germany, ORPEA Poland.

5 CORPORATE GOVERNANCE REPORT

5

CORPORATE GOVERNANCE REPORT

"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 No. 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 27 April 2021.

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 of Procedure"**), which were updated most recently on 26 January 2021. These Internal Rules of Procedure are available on the Company's website (www.orpea-corp.com).

ORPEA believes that its practices comply with the recommendations of the AFEP-MEDEF Code, except where the contrary is expressly stated in the table in Appendix 1 to this report in accordance with the "Comply or Explain" rule provided for in Article L. 22-10-10 of the French Commercial Code and recommendation 27.1 of the AFEP-MEDEF Code. The table presents the reasons why certain recommendations were not implemented.

5.1 Composition and operating procedures of the Board of Directors

Article 15 of ORPEA's Articles of Association defines and sets out the conditions for the composition and operating procedures of the Board of Directors.

The following tables present the principal key indicators applicable to the Board of Directors and the individual attendance rates for directors at Board meetings.

Principal key indicators	FY 2020	FY 2019
Number of meetings of the Board of Directors	11	6
Attendance rate at meetings of the Board of Directors(1)	96.03%	95.38%
Number of directors(2)	13	11
Proportion of independent directors(3)	90.91%	90.00%
Proportion of women on the Board of Directors(4)	45.45%	40.00%
Number of nationalities represented on the Board of Directors(5)	3	4
Average length of service of directors(6)	4.4	4.6
Average age of directors(6)	50.8	55.1

(1) Sophie Kalaidjian, the director representing employees, was included in the calculations. Olivier Lecomte, director, and Laurent Serris, director representing employees, were not included in the calculations, given that the Board of Directors had not met since their respective appointments.
(2) This number was calculated using the composition of the Board of Directors at 31 December of the relevant financial year and including the directors representing employees.
(3) This percentage was calculated using the composition of the Board of Directors at 31 December of the relevant financial year and, in accordance with recommendation No. 9.3 of the AFEP-MEDEF Code, this percentage does not include the directors representing employees.
(4) This percentage was calculated using the composition of the Board of Directors at 31 December of the relevant financial year and in accordance with the provisions of Article L. 225-27 of the French Commercial Code, not including the directors representing employees.
(5) This number was calculated using the composition of the Board of Directors at 31 December of the relevant financial year and not including the directors representing employees.
(6) The average length of service and the average age of directors was calculated based on the composition of the Board of Directors at 31 December of the relevant financial year and not including the directors representing employees.

Directors' individual attendance rates	FY 2020	FY 2019
Philippe Charrier	100%	100%
Yves Le Masne	100%	100%
Laure Baume(1)	100%	50%
Xavier Coirbay(2)	91%	100%
Corine de Bilbao(3)	100%	N/A
Bernadette Danet-Chevallier	82%	100%
Jean-Patrick Fortlacroix	100%	100%
Moritz Krautkrämer	100%	100%
Brigitte Lantz(4)	83%	100%
Olivier Lecomte(2)(5)	N/A	N/A
Peugeot Invest Assets(6), represented by Thierry de Poncheville	100%	100%
Pascale Richetta(7)	80%	N/A
Joy Verlé	100%	100%
Sophie Kalaidjian	100%	100%
Laurent Serris(8)(9)	N/A	N/A

(1) Laure Baume attended three out of six meetings in 2019, having made professional commitments to be elsewhere prior to the determination of the schedule of meetings.
(2) Olivier Lecomte was co-opted as a director by the Board of Directors on 16 November 2020 to replace Xavier Coirbay, who had resigned.
(3) Corine de Bilbao was appointed director by the Annual General Meeting of 23 June 2020.
(4) Brigitte Lantz's term of office as director expired at the end of the Annual General Meeting of 23 June 2020.
(5) The Board of Directors did not meet after the co-option of Olivier Lecomte as director on 16 November 2020.
(6) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(7) Pascale Richetta was appointed director by the Annual General Meeting of 23 June 2020.
(8) Laurent Serris was appointed as director representing employees by the Social and Economic Committee of the ORPEA economic and social unit on 15 December 2020.
(9) The Board of Directors did not meet after the appointment of Laurent Serris as director representing employees on 15 December 2020.

5.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

INFORMATION REGARDING THE IDENTITY OF DIRECTORS

The Company's Articles of Association stipulate that the Board of Directors should have at least 3 and no more than 18 members, subject to the exceptions provided for in law. The directors may be individuals or legal entities.

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 has a term of office of three years). To prevent all the terms of office from expiring at the same time, directors' appointments are staggered. This helps to ensure that the reappointment of directors is a smooth process.

An employee representative attends meetings of the Board of Directors in an advisory capacity.

At 31 December 2020, the Board of Directors had 13 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	Director (and Chairman of the Board of Directors)	66	M	French	Africa, Asia, Europe, Middle East, North America, South America	Executive management, finance, governance, marketing, medical services
Yves Le Masne	Director (and Chief Executive Officer)	58	M	French	South America, Asia, Europe, Middle East	Development, executive management, finance, management
Laure Baume	Director	45	F	French	Africa, Europe, United States	Communication, digital, marketing, CSR
Corine de Bilbao[5]	Director	54	F	French	Africa, North America, South America, Asia, Europe	Purchasing, sales, development, digital, executive management, CSR
Bernadette Danet-Chevallier	Director	62	F	French	Asia, Europe, United States	Sales, management, marketing, human resources, executive management
Peugeot Invest Assets, represented by Thierry de Poncheville[6]	Director	65	M	French	Europe, United States	Governance, legal, CSR
Jean-Patrick Fortlacroix	Director	63	M	French		Finance
Moritz Krautkrämer[7]	Director	39	M	German	Europe, North America	Development, finance
Olivier Lecomte[8]	Director	55	M	French	Europe	Development, digital, executive management, finance, governance, real estate
Pascale Richetta[9]	Director	61	F	French	North America, South America, Asia, Australia, Europe	Sales, management, medical
Joy Verlé[7]	Director	41	F	Dual French/ British national	Europe, Latin America, United Kingdom	Development, finance, governance
Sophie Kalaidjian[10]	Director representing employees	43	F	French		Legal
Laurent Serris[11]	Director representing employees	50	M	French	South America, Asia, Europe	Quality, management

(1) *Age of directors at 31 December 2020.*
(2) *Length of service of directors at 31 December 2020.*
(3) *At the date of this report.*
(4) *Annual General Meeting called to approve the financial statements for the previous financial year.*
(5) *Corine de Bilbao was appointed director by the Annual General Meeting of 23 June 2020.*
(6) *On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.*
(7) *Directors proposed by CPPIB.*
(8) *Olivier Lecomte was co-opted as a director by the Board of Directors on 16 November 2020 to replace Xavier Coirbay, who has resigned.*
(9) *Pascale Richetta was appointed director by the Annual General Meeting of 23 June 2020.*
(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 the director representing employees for a term of three years.*
(11) *Laurent Serris was appointed as director representing employees by the Social and Economic Committee of the ORPEA economic and social unit on 15 December 2020.*

	Experience			Position on the Board of Directors		
	Industry experience	**Number of offices held in listed companies**	**Independence**	**Expiry of term of office**	**Date of first appointment**	**Length of service on the Board of Directors(2)**	**Member of Board Committees(3)**
	Distribution, construction materials, pharmaceuticals, retail, healthcare	2	Yes	2023 AGM(4)	28 March 2017	3	
	Real estate, healthcare	1	No	2023 AGM(4)	29 June 2006	14	
	Airports, food processing, hospitality, spirits, tourism	1	Yes	2024 AGM(4)	14 December 2016	4	
	Energies, oil and gas, electricity generation and distribution, engineering, health	2	Yes	2024 AGM(4)	23 June 2020	< 1 year	Appointments and Remuneration Committee (Member) CSR and Innovation Committee (Chairwoman)
	Cruises, hospitality, tourism	1	Yes	2021 AGM(4)	16 September 2014	6	Appointments and Remuneration Committee (Member)
	Automotive, household appliances, real estate, healthcare, investment companies, transport	1	Yes	2023 AGM(4)	15 February 2012	8	Appointments and Remuneration Committee (Chairman) CSR and Innovation Committee (Member)
	Real estate, healthcare	1	Yes	2022 AGM(4)	30 June 2011	9	Audit Committee (Chairman)
	Insurance, hospitality, healthcare, business services, telecommunications, media and technologies	1	Yes	2024 AGM(4)	26 March 2019	1 year	CSR and Innovation Committee (Member)
	Real estate, healthcare	2	Yes	2021 AGM(4)	16 November 2020	< 1 year	Audit Committee (member)
	Pharmaceuticals, healthcare	1	Yes	2024 AGM(4)	23 June 2020	< 1 year	CSR and Innovation Committee (Member)
	Business services, education, renewable energies, healthcare	2	Yes	2023 AGM(4)	27 April 2017	3	Audit Committee (member) Appointments and Remuneration Committee (Member)
	Healthcare	1	No	2021 AGM(4)	15 January 2015	5	Appointments and Remuneration Committee (Member)
	Industry, healthcare	1	No	2023 AGM(4)	15 December 2020	< 1 year	

The diverse background 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 the members of the Board of Directors at the date of this report, including details of their career, terms of office and positions they hold or have held outside the Company over the past five years, together with the number of shares they own, are presented in Appendix 2 of this report.

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 Article 9 of the AFEP-MEDEF Code and presented in the table below.

On 26 January 2021, the Board of Directors, 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 2020. The Board came to the opinion 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.

	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	√	√	√	√	√	√	√	√	Independent
Yves Le Masne	X	X	√	√	√	X	X	√	Non-independent
Laure Baume	√	√	√	√	√	√	√	√	Independent
Corine de Bilbao(1)	√	√	√	√	√	√	√	√	Independent
Bernadette Danet-Chevallier	√	√	√	√	√	√	√	√	Independent
Jean-Patrick Fortlacroix	√	√	√	√	√	√	√	√	Independent
Olivier Lecomte(2)	√	√	√	√	√	√	√	√	Independent
Moritz Krautkrämer	√	√	√	√	√	√	√	√	Independent
Peugeot Invest Assets(3), represented by Thierry de Poncheville	√	√	√	√	√	√	√	√	Independent
Pascale Richetta(4)	√	√	√	√	√	√	√	√	Independent
Joy Verlé	√	√	√	√	√	√	√	√	Independent

(1) Corine de Bilbao was appointed director by the Annual General Meeting of 23 June 2020.
(2) Olivier Lecomte was co-opted as a director by the Board of Directors on 16 November 2020 to replace Xavier Coirbay, who had resigned.
(3) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(4) Pascale Richetta was appointed director by the Annual General Meeting of 23 June 2020.

The proportion of independent directors stood at 90.91% at 31 December 2020 and, 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.

EMPLOYEE REPRESENTATION

In accordance with Article L. 225-27-1 of the French Commercial Code (in its version applicable prior to the enactment of the business growth and transformation act dated 22 May 2019 (the PACTE law)), and with Article 15-1 of the Company's Articles of Association (in its applicable version prior to 23 June 2020), a director representing employees, Sophie Kalaidjian, serves on the Board of Directors of ORPEA since 15 January 2015. At its meeting on 30 March 2021, the Social and Economic Committee of the ORPEA economic and social unit decided to reappoint Sophie Kalaidjian as the director representing employees 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, Sophie Kalaidjian 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.

Since the enactment of the PACTE law, the number of directors representing employees is at least two in public limited companies (meeting certain headcount thresholds) where the Board of Directors has more than eight members, and at least one when the Board of Directors has eight members or fewer. As the Board of Directors of ORPEA has more than eight directors, it decided, pursuant to the 34th resolution approved by the Combined General Meeting of 23 June 2020, and subject to ratification by the Annual General Meeting of 24 June 2021, to amend Article 15-1 of the Articles of Association in order that a second director representing the employees is appointed, in the absence of the European Works Committee, by the Social and Economic Committee of the ORPEA economic and social unit. At its meeting on 15 December 2020, said Social and Economic Committee appointed Laurent Serris as the director representing employees 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.

An employee representative also attends meetings of the Board of Directors in an advisory capacity.

CONFLICTS OF INTEREST AND DECLARATIONS CONCERNING CORPORATE OFFICERS

Absence of any family relationship 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 duties of the corporate officers vis-à-vis the ORPEA Group and their own private interests. The Chairman of the Board of Directors and the Chief Executive Officer do 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 are no agreements or other arrangements between the directors and the Group. There are no capital flows between the directors and the group. The organisation of the Board of Directors and its operating procedures, including the procedure for related-party agreements, should prevent any such conflicts of interest.

In addition, under the Internal Rules of Procedure, 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, incriminated by and/or received any official public sanction from the statutory or regulatory authorities (including designated professional bodies), or been issued with any court order barring them from office as a director, senior manager or supervisory board member or from involvement in the management or conduct of a listed company's affairs.

Service agreements

No service agreements have been entered into between members of the Board of Directors and the Company or any of its subsidiaries providing for the granting of benefits under such agreements.

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 over the 2020 financial year.

ORPEA's goal is for the composition of its Board of Directors to mirror its profile as a global leader in long-term care, generating more than half its revenue outside France as a result of its sustained growth momentum, its real estate portfolio worth €6.9 billion, its major emphasis on the quality of the services it provides (both care and accommodation-related) and its employees' working conditions.

All Company directors must have a shared skills and expertise base, namely the ability to comprehend ORPEA's business lines and demonstrate an interest in this 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 as an international outlook, the Board of Directors requires its members to possess (i) functional experience in finance, business development, real estate, management/human resources and/or medicine, and (ii) industry experience in the hospitality, real-estate and/or healthcare sectors.

In addition, experience in governance, CSR and digitalisation/ marketing/communication is also sought after in potential Board members.

Lastly, the Board of Directors wishes at least one director to be a senior executive or have had C-suite experience so that they are able to act as a "sparring partner" for the Chief Executive Officer.

In keeping with the diversity policy applicable to members of the Board of Directors, the Annual General Meeting of 23 June 2020 appointed Pascale Richetta and Corine de Bilbao as directors, and the Board of Directors of 16 November 2020 co-opted Olivier Lecomte as director to replace Xavier Coirbay, who has resigned.

In addition to their international outlook, Corine de Bilbao, Olivier Lecomte and Pascale Richetta possesses key skills that are useful for the Board: Corine de Bilbao has purchasing, commercial, development, digital technology, executive management, finance, management and CSR skills in sectors spanning energy, oil and gas, electricity generation and distribution, engineering, and healthcare. Olivier Lecomte has development, digital technology, executive management, finance, governance and real estate skills in the real estate and healthcare sectors. Pascale Richetta has commercial, management and medical skills in the pharmacy and healthcare sectors. Corine de Bilbao also has experience in the operational management of a major high-growth international business.

At the date of this report, as outlined in greater detail below, all of these skills and areas of expertise were covered by the composition of the Board of Directors:

Objectives	Results obtained during the 2020 financial year*
Internationalisation	18%
Professional experience outside France	91%
Experience in development	45%
Experience in finance	55%
Experience in real estate	9%
Experience in management	36%
Experience in the medical sector	18%
Experience in the hospitality sector	27%
Experience in the real estate sector	36%
Experience in the healthcare sector	82%
Experience in governance	36%
Experience in CSR	27%
Experience in digitalisation/marketing/sales/communication	55%
Experience in executive management	45%

* *The directors representing employees were not included in the calculations shown below.*

As well as reaping the benefits of having a varied range of complementary experience, the Board of Directors seeks to ensure that its composition is diverse from an age and gender perspective. The average age of the directors is 50.8[(1)] and none of the directors are aged over 70. In addition, 45.45%[(2)] of the members of the Board of Directors are women (46.15% including the director representing employees).

Looking ahead, it would be preferable, when new directors are appointed or existing directors reappointed, for the mix of skills listed above to be maintained, as these are considered to be essential at this stage in the Group's development, while increasing the Board's international outlook.

PROMOTION OF WOMEN IN MANAGEMENT BODIES

The Group has always been ambitious in encouraging the diversity of its human capital and prioritising the development of its skills, across all its businesses. This approach, which has always been key to the ORPEA Group's strategy, has provided employees with a mature ecosystem in terms of equality for many years. All positions of responsibility and/or management are open to both women and men, whether in terms of recruitment or internal promotion, and this is key to supporting the Group's culture of inclusivity and innovation.

Since its inception, ORPEA's teams have always had a large number of women, and the same trend has been seen in every country. In 2020, 82% of ORPEA Group's employees were women.

(1) The average age of directors was calculated based on the composition of the Board of Directors at 31 December 2020 and without taking into account the directors representing employees.

(2) This percentage was calculated using the composition of the Board of Directors at 31 December 2020 and, in accordance with the provisions of Article 225-27 of the French Commercial Code, without taking into account the directors representing employees.

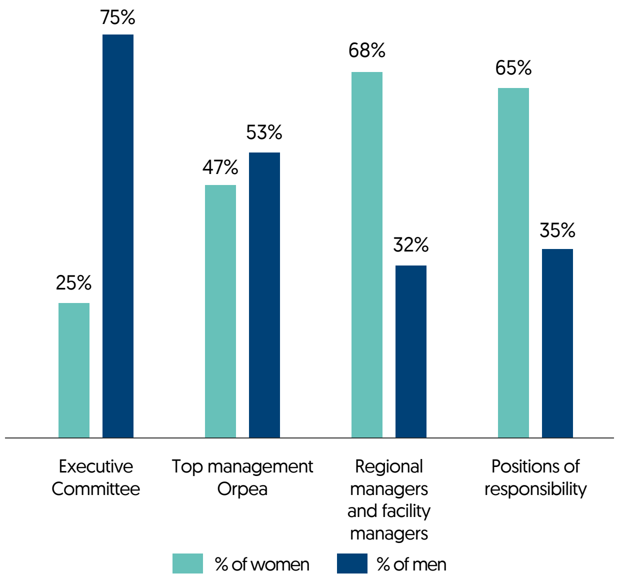
Women's access to positions of responsibility and/or management is a fundamental component of the Group's development policy.

Development processes, such as assessment centres and annual talent reviews, have made it possible to establish a "female talent" pool and to develop support programmes aimed at empowering women managers wishing to take up management positions (coaching, training, mentoring, etc.).

Bolstered by its diversity policy, which has been implemented for many years, in 2020 the ORPEA Group had 25% women in the Executive Committee, 47% in Top Management, and undertook to reach 50% women in Top Management by 2023.

Management bodies	% of women
Executive Committee	25%
ORPEA Top Management	47%
Regional managers and facility managers	68%
Positions of responsibility	65%

■ Management bodies – Gender distribution



To this end, the Group intends to further its efforts for women's empowerment through a dedicated "Elles'ORPEA" programme that will be rolled out across all women's communities.

REAPPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS

Procedure to renew terms of office/selection of directors who are not employees

During the meeting planned for November each year, the Appointments and Remuneration Committee of the year includes a review of the composition of the Board of Directors and the Board Committees on its agenda. Based on a briefing prepared by Executive Management, which contains in particular an overview of the Board of Directors' diversity policy and its objectives, highlighting the terms of office expiring during the next four years, opinions are shares on this subject. 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 tender 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 – prepared by the Appointments and Remuneration Committee. The chosen firm then presents a selection of candidates to the Committee, which are interviewed first by the Chairman of the Committee, the Chairman of the Board of Directors, and the Chief Executive Officer, and then by the interested Committee members.

The Appointments and Remuneration Committee finalises the selection of director candidates by April at the latest, and presents its selection to the Board of Directors ahead of convening the Annual General Meeting called upon to express an opinion on the renewal of the terms of office of directors in office and the appointment of new directors.

The Appointments and Remuneration Committee reports on its work to the Board of Directors throughout this process on a regular basis, with respect to the renewal of the terms of office of directors in office and the selection of new directors.

Changes in the composition of the Board of Directors and of the Board Committees since 1 January 2020

The table below provides on overview of changes in the composition of the Board of Directors and of the Board Committees since 1 January 2020.

Changes in the composition of the Board of Directors and of the Board Committees since 1 January 2020	Departures	Arrivals
Board of Directors	Xavier Coirbay (director)(1) Brigitte Lantz (director)(2)	Corine de Bilbao (director)(3) Olivier Lecomte (director)(1) Pascale Richetta (director)(3) Laurent Serris (director representing employees)(4)
Audit Committee	Laure Baume (member)(5) Peugeot Invest Assets(7) (represented by Thierry de Poncheville, member)(6)	Olivier Lecomte (member)(6)
Appointments and Remuneration Committee	Xavier Coirbay (member)(8)	Corine de Bilbao (member)(6)
CSR and Innovation Committee(7)		Corine de Bilbao (Chairman)(6) Moritz Krautkrämer (member)(6) Peugeot Invest Assets(7) (represented by Thierry de Poncheville, member)(6) Pascale Richetta (member)(6)

(1) Olivier Lecomte was co-opted as a director by the Board of Directors on 16 November 2020 to replace Xavier Coirbay, who had resigned.
(2) Brigitte Lantz's term of office as director expired at the end of the Annual General Meeting of 23 June 2020.
(3) Corine de Bilbao and Pascale Richetta were appointed as directors by the Annual General Meeting of 23 June 2020.
(4) Laurent Serris was appointed as director representing employees by the Social and Economic Committee of the ORPEA economic and social unit on 15 December 2020.
(5) Laure Baume resigned from her duties as member of the Audit Committee on 22 September 2020.
(6) Within the context of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees to welcome new directors at the Board of Directors 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 member of this committee;
– Corine de Bilbao was appointed member of the Appointments and Remuneration Committee;
– Corine de Bilbao was appointed Chairwoman of the CSR and Innovation Committee, and Peugeot Invest Assets (represented by Thierry de Poncheville), Moritz Kraütkramer and Pascale Richetta were appointed members of said committee.
(7) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(8) Xavier Coirbay resigned as a director on 16 November 2020, and his term of office as member of the Appointments and Remuneration Committee ended at the same date.

Staggering of terms of office

The reappointment of the members of the Board of 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 financial year ending 31 December 2020	Term of office expiring at the close of the Annual General Meeting called to approve the financial statements for the financial 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 financial 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 financial year ending 31 December 2023
Bernadette Danet-Chevallier	Jean-Patrick Fortlacroix	Philippe Charrier	Laure Baume
Olivier Lecomte		Yves Le Masne	Corinne de Bilbao
Sophie Kalaidjian(1) (director representing employees)		Peugeot Invest Assets(2), represented by Thierry de Poncheville	Moritz Krautkrämer
		Joy Verlé	Pascale Richetta
		Laurent Serris (representing employees)	

(1) At its meeting of 30 March 2021, the ORPEA Social and Economic Committee decided to reappoint Sophie Kalaidjian as the director representing employees for a term of three years.
(2) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Ratification of the co-option of Olivier Lecomte as director and decisions regarding terms of office of directors expiring at the close of the next Annual General Meeting

In line with the diversity policy applicable to members of the Board of Directors, shareholders will be asked at the Annual General Meeting of 24 June 2021 to:

- ratify the co-option, by the Board of Directors of 16 November 2020, of Olivier Lecomte as director to replace Xavier Coirbay (who has resigned) for the remainder of the latter's term of office, i.e. until the close of the Annual General Meeting of 24 June 2021;
- reappoint Bernadette Danet-Chevallier and Olivier Lecomte as directors for a term of four years, i.e. until the close of the Annual General Meeting called to approve the financial statements for the financial year ending 31 December 2024.

Aside from their diligence and international outlook, each director possesses key skills that are useful for the Board: Bernadette Danet-Chevallier has commercial, management, marketing, human resources and executive management skills in hospitality, tourism and cruises; Olivier Lecompte has skills in development, digital technology and executive management, and in finance, governance and real estate, in the property and health sectors. The personal details and experience of these candidates, as well as the information about their term of office as a director with the Company, are presented in greater detail in the table at the beginning of the section entitled "Information regarding the identity of directors". Short biographies, including details of their careers, terms of office and positions they hold or have held outside the Company over the past five years, together with the number of shares they own, are presented in Appendix 2 of this report.

It should be noted that the Board of Directors considers Bernadette Danet-Chevallier and Olivier Lecomte to be independent directors pursuant to the criteria for independence set out in Article 9 of the AFEP-MEDEF Code.

The renewal of the terms of office of these directors will make it possible to maintain the skills listed in the diversity policy applicable to members of the Board of Directors and considered essential at this stage of the Group's development.

Decision regarding the term of office of the director representing employees, expiring at the close of the next Annual General Meeting

At its meeting on 30 March 2021, the Social and Economic Committee of the ORPEA economic and social unit decided to reappoint Sophie Kalaidjian as the director representing employees 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.

5.1.2 OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

OPERATING PROCEDURES 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.

The Internal Rules of Procedure are intended to supplement the rules laid down in law, the 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. 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 of Procedure are updated regularly, most recently on 26 January 2021. They can be downloaded from the Company's website (www.orpea-corp.com).

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 Procedure of the Audit Committee etc.).

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. It should be accompanied by the agenda and the minutes of the previous meeting. It should state 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 quorum requirement for the Board of Directors to transact business validly is met when at least half the Board members are present. A director may represent another director if granted special powers to do so.

Directors may participate in meetings by means of videoconferencing or telecommunications technology where they can be identified and their effective participation in the meeting is guaranteed, subject to the requirements of the regulations in force. 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. On an exceptional basis, pursuant to the regulations in force regarding the Covid-19 pandemic, these exclusions are not applicable until 31 July 2021.

Decisions are taken by a majority vote of those 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 seminars each year – a strategic seminar and an international seminar.

In 2020, the Covid-19 pandemic gave rise to difficulties surrounding face-to-face meetings and the organisation of trips abroad. Accordingly, the Board of Directors decided not to organise a strategic seminar or an international seminar, and dealt with certain matters that would normally have been handled in a strategic seminar (new operational structure, succession plan and HR development plan) during meetings organised on top of the meetings planned in the provisional schedule approved for 2020. This partially explains the increased number of meetings in 2020 (11 meetings) versus 2019 (6 meetings).

The provisional schedule of Board of Directors meetings for 2021 provides for a strategic seminar in June and an international seminar in November, in accordance with the Group's standard practice.

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. Furthermore, the Board of Directors meets without executive officers at least once a year, in accordance with Article 11.3 of the AFEP-MEDEF Code. Accordingly, the most recent executive session was held in December 2020.

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 11 times during the 2020 financial year (six times in the previous financial year). The directors' attendance rate stood at 96.03% (versus 95.38% in the previous financial year). Directors' individual attendance rates at the various meetings of the Board of Directors 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 subjects covered during its meetings held in 2020, it being noted that each meeting of the Board opens with a report by the Chief Executive Officer on recent news, developments, and the status of the Group's main KPIs (number present at month-end, revenue, payroll).

Role of the Board of Directors	Activities of the Board of Directors in 2020
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 • Analysis of 2020 outlook • Review of annual share price performance for 2019 and half-year performance for 2020 • Authorisation of non-bank funding, whether involving bonds or not, and of bank funding • Review and approval of changes to operational governance • Review of the Group's brand and communication strategy • Review of Executive Management's succession planning and the HR development policy • Description and implementation of the share buyback programme
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 French group of psychiatric hospitals Clinipsy, and the acquisition of a nurse training school in Austria (EMG Akademie)
Approval of the annual and interim financial statements and preparations for the Annual General Meeting	• Review and approval of the annual and consolidated financial statements for the year ended 31 December 2019, the consolidated interim financial statements at 30 June 2020, and the related management reports • Review of the proposal not to pay dividends for the financial year ended 31 December 2019 • Review of draft press releases and results presentations for the investor community prior to their publication and of the Group's financial position, including trends 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 • Answer a shareholder's written question
Governance	• Departure of the Chief Operating Officer at the Company's initiative, and setting the financial terms of his departure • Early renewal of the Chief Executive Officer's term of office • Executive session without the Chief Executive Officer and, for the section concerning the latter, the Chairman of the Board of Directors
Determination of the executive remuneration policy upon the recommendation of the Appointments and Remuneration Committee	• Determination of bonus payments made in respect of the 2019 financial year to Yves Le Masne and Jean-Claude Brdenk, based on the targets set for them for the financial year, by applying the calculation method approved previously by the Board of Directors • Proposal to increase the total annual amount of remuneration for directors • Determination of the remuneration policy for corporate officers for the 2020 financial year • Approval of a bonus share allotment plan for Yves Le Masne and Jean-Claude Brdenk, in line with the executive remuneration policy for 2020
Review, each year and prior to the publication of the annual report, the individual status of the directors and then disclose to the shareholders the results of its analysis of the independence of each of the directors	Determination of the independence of directors
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 2020 and 2021 Annual General Meetings • Review, based on the work of the Appointments and Remuneration Committee, of the experience of new director candidates and proposal to appoint the selected candidates at the 2020 Annual General Meeting • Co-option, based on the work of the Appointments and Remuneration Committee, of Olivier Lecomte as director to replace Xavier Coirbay (who has resigned), subject to ratification by the Annual General Meeting of 24 June 2021
Annual evaluation of the Board of Directors	• Organisation of a discussion regarding the composition, organisation and operating procedures of the Board of Directors and the Board Committees • Preparation of the formalised annual evaluation scheduled for 2021
Approval of the Group's management report	Approval of the Group's management report

Role of the Board of Directors	Activities of the Board of Directors in 2020
Preparation and approval of the Board of Directors' corporate governance report	Preparation and approval of the Board of Directors' corporate governance report
Other	• Review of the annual quality audit for 2019 and of the semi-annual audit for 2020 • Review of information provided to it by the Audit Committee regarding internal control and risk management systems • Extend the general authorisation given to the Chief Executive Officer to grant guarantees, security deposits and endorsements on behalf of the Company • Proposed modification to the Articles of Association at the Annual General Meeting of 23 June 2020, notably regarding the corporate purpose and the transfer of the registered office • Approval of modification to the Articles of Association regarding the appointment of a second director representing employees, subject to ratification by the Annual General Meeting of 24 June 2021 • Changes to the Internal Rules of Procedure • Adoption of a procedure for assessing standard agreements concluded under normal market conditions
Pursuant to the Internal Rules of Procedure, 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 members of the Board of Directors are regularly kept informed of developments concerning the Group's markets, competitive environment and key priorities, including in the domain of the Company's corporate social responsibility.	

Since the start of the Covid-19 pandemic in March 2020, the Board of Directors finally met on a weekly or bi-monthly basis (depending on the development of said pandemic) so that Executive Management could present a monitoring report covering 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 KPIs.

Procedure for assessing standard agreements concluded under normal market conditions

In accordance with the provisions set out in Article L. 22-10-12 of the French Commercial Code, on 23 April 2020, the Board of Directors, upon the recommendation of the Audit Committee, introduced a procedure to assess agreements relating to recurring agreements concluded under normal market conditions. This procedure provides for the identification of agreements concluded 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 referred to, the preparation by the latter of a summary table of recurring transactions concluded under normal market conditions, 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 implementation of the procedure, with the Audit Committee reporting on this review at the following meeting of the Board of Directors. Accordingly, 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. The Chairman organises and leads the Board's work and reports to the shareholders at the Annual General Meeting. He is responsible for the smooth running of the Company's governing bodies and, in particular, for ensuring that directors are able to perform 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 managers and teams, as well as all meetings of the Board Committees;
- he seeks to maintain the equilibrium and effectiveness of the Board.

During 2020, the fourth year of his appointment to the office, Philippe Charrier focused on facilitating the Board of Directors and on the latter's monitoring of the health situation in the Group's facilities, the measures implemented in this regard, and its impact on the Group's KPIs. Moreover, he met with the Chief Executive Officer twice a month on average, regarding in particular the health situation, changes to operational governance, and the Group's development in the countries where it already operates. He also continued to maintain regular dialogue with the other directors. Lastly, he attended all the meetings of the Board Committees.

DIRECTORS' INDUCTION

An induction programme is organised for each new director. This includes a presentation of the Group, visits to facilities and meetings with certain members of Executive Management.

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 financial agenda (including a list of black-out periods), ORPEA's Articles of Association and the Board of Directors' Internal Rules of Procedure.

Directors who are members of the Audit Committee also receive the Internal Rules of Procedure of the Audit Committee.

EVALUATION OF THE BOARD OF DIRECTORS

Pursuant to the recommendations of the AFEP-MEDEF Code, the Internal Rules of Procedure of the Board of Directors of the Company state that the Board should conduct an evaluation from time to time of its composition, organisation and effectiveness, and, concurrently, of the same aspects of its Committees.

The Board of Directors reviews this issue every year, and a formalised evaluation supervised by the Chairman of the Board of Directors is conducted every three years.

- The most recent formal evaluation was conducted in early 2018 by Spencer Stuart, and the next one will be organised during H2 2021 (rather than in H1, in order to encourage a face-to-face assessment due to the health situation); considering the average length of service of directors (which has exceeded the duration of a term of office since 2019), it will include in particular feedback on the individual contribution of directors and the recognition of their skills by the Board of Directors and Executive Management.
- A discussion regarding the composition, organisation and operating procedures of the Board of Directors and of the Board Committees was organised in 2019 and 2020. Ahead of this discussion, a briefing presenting the topics for consideration intended to serve as a basis for discussions and reviewing the implementation of the areas for improvement identified in the previous formalised evaluation had been given to directors at the preceding Board meeting.

The areas for improvement identified during the annual evaluation of the Board of Directors in Q1 2020 are listed in the table below, along with measures implemented by the Board since 1 January 2020.

Identified areas for improvement and points to be monitored	Measures implemented by the Board in 2020
Update the succession planning for Executive Management	The succession planning for Executive Management was updated and presented to the Board of Directors, along with the HR development policy, in particular for people identified as potential successors.
Assessing the individual contribution of directors	The individual contribution of directors will be assessed as part of a formalised evaluation of the composition, organisation and operating procedures of the Board of Directors and the Board Committees, planned for H2 2021.

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 28 June 2018, 27 June 2019 and 23 June 2020, and the use made thereof during the 2020 financial year.

Type of authority/Maximum aggregate nominal amount/Other information	Period of validity	Use during the financial year
ANNUAL GENERAL MEETING OF 28 JUNE 2018		
23rd resolution – Bonus allotment of existing or new shares to corporate officers and/or employees with the waiving of pre-emption rights for shareholders: • up to a cap of 1% of the share capital, with a sub-cap of 0.2% of the share capital for executive officers; • requirement of continued presence for all grantees; • performance conditions assessed over a period of three years for executive officers; • three-year vesting period.	38 months	70,855 shares (0.11% of the share capital) allotted to 365 grantees subject to performance conditions – Board of Directors of 28 June 2018 and decisions made by the Chief Executive Officer on 1 February and 22 December 2020
ANNUAL GENERAL MEETING OF 27 JUNE 2019		
19th resolution – Share buyback programme: • up to a cap of 10% of the share capital; • maximum purchase price of ≤ €150 per share.	18 months	None
20th resolution – Reduction of the share capital through the cancellation of treasury shares: • maximum amount: 10% of the share capital.	18 months	None
ANNUAL GENERAL MEETING OF 23 JUNE 2020		
19th resolution – Share buyback programme: • up to a cap of 10% of the share capital; • maximum purchase price of ≤ €200 per share.	18 months	None
20th resolution – Reduction of the share capital through the cancellation of treasury shares: • maximum amount: 10% of the share capital.	18 months	None
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 – Bonus allotment of existing or new shares to corporate officers and/or employees with the waiving of pre-emption rights for shareholders: • up to a cap of 1% of the share capital, with a sub-cap of 0.2% of the share capital for executive officers; • requirement of continued presence for all grantees; • performance conditions assessed over a period of three years for executive officers; • three-year vesting period.	26 months	28,374 shares (0.04% of the share capital) allotted to executive officers subject to performance conditions – Board of Directors' meeting on 23 June 2020
29th resolution – Capital increases for members of a corporate savings plan, with the waiving of pre-emption rights for shareholders: • maximum nominal amount: €400,000.	26 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 24 June 2021, shareholders will therefore be asked to approve the following financial authorisations, which will supplement or supersede, as applicable, the financial authorisations approved by the Annual General Meeting of 23 June 2020 (described in the table above).

Type of authority/Maximum aggregate nominal amount/Other information	Period of validity
19th resolution(1) – Share buyback programme: • up to a cap of 10% of the share capital; • maximum purchase price of ≤ €150 per share.	18 months
20th resolution – Reduction of the share capital through the cancellation of treasury shares: • maximum amount: 10% of the share capital.	18 months
21st resolution(1) – Issue of ordinary shares and/or negotiable securities conferring rights to the Company's share capital and/or negotiable securities carrying an entitlement to the allotment 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(2)
22nd resolution(1) – Issue, by means of a public offering 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 conferring rights to the Company's share capital and/or negotiable securities carrying an entitlement to the allotment of debt securities with the waiving of 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(2)
23rd resolution(1) – Issue, by means of a public offering 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 conferring rights to the share capital and/or negotiable securities carrying an entitlement to the allotment of debt securities with the waiving of 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(2)
24th resolution(1) – 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 cap of 15% of the initial issue; • amount deducted from each of the issues made pursuant to the 21st and 22nd resolutions.	14 months(2)
25th resolution(1) – Setting the issue price under the terms approved by the Annual General Meeting, up to a cap of 10% of the Company's share capital, in the event of the issue of shares or negotiable securities conferring rights to the Company's share capital with pre-emption rights.	14 months(2)
26th resolution(1) – Capital increase in consideration for contributions in kind made to the Company in the form of equity or other negotiable securities conferring rights to the share capital, without pre-emption rights for shareholders: • up to a cap of 10% of the share capital.	14 months(2)
27th resolution – Capital increase for members of a corporate savings plan, with the waiving of pre-emption rights: • maximum nominal amount: €400,000.	14 months(2)

(1) Authorisations suspended during a public offer on the Company's securities.
(2) The duration of the financial authorisations submitted for the approval of the Annual General Meeting of 24 June 2021 within the framework of the 21st to 27th resolution was limited to 14 months in order to encourage (in accordance with market practice) their renewal at the same time in 2022 (simultaneously with the 27th and 28th resolutions approved by the Annual General Meeting of 23 June 2020).

5.1.3 OPERATION 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 each given specific terms of reference to prepare for and enrich its work.

These Board Committees act strictly within the terms of reference given to them by the Board of Directors and pursuant to law. Their precise scope is laid down in the Internal Rules of Procedure. They prepare for its discussions, make proposals and recommendations, but have no decision-making powers.

The members of these Board Committees, their duties and their activities during 2020 are stated below.

AUDIT COMMITTEE

The following tables present the principal key indicators applicable to the Audit Committee and the individual attendance rates for directors at its meetings.

Principal key indicators	FY 2020	FY 2019
Number of meetings of the Audit Committee	4	3
Attendance rate at meetings of the Audit Committee	93.75%	83.33%
Number of members of the Audit Committee(1)	3	4
Proportion of independent directors(1)	100%	100%
Proportion of women on the Audit Committee(1)	33.33%	50%
Average length of service of members of the Audit Committee(1)	5	5
Average age of members of the Audit Committee(1)	56.3	52.5

(1) Composition of the Audit Committee at 31 December of the relevant financial year.
Laure Baume resigned from her duties as member of the Audit Committee on 22 September 2020.
Within the context of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees to welcome new directors at the Board of Directors 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 member of this committee.

Directors' individual attendance rates	FY 2020	FY 2019
Jean-Patrick Fortlacroix	100%	100%
Laure Baume(1)	75.00%	33.33%
Olivier Lecomte(2)	N/A	N/A
Peugeot Invest Assets(3), represented by Thierry de Poncheville(2)	100%	100%
Joy Verlé	100%	100%

(1) Laure Baume resigned from her duties as member of the Audit Committee on 22 September 2020.
(2) Within the context of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees to welcome new directors at the Board of Directors 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 member of this committee.
(3) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

The operation, composition and duties of the Audit Committee are governed by internal rules of procedure, which were updated most recently on 6 December 2017.

Members of the Audit Committee

At 31 December 2020, the Audit Committee was comprised of the following three members: Jean-Patrick Fortlacroix (Chairman of the Audit Committee), Peugeot Invest Assets(1) (represented by Thierry de Poncheville) and Joy Verlé. Laure Baume resigned from her duties as member of the Audit Committee on 22 September 2020.

Within the context of creating the CSR and Innovation Committee and reshaping the membership of the Board Committees to welcome new directors at the Board of Directors of 26 January 2021, Peugeot Invest Assets(1) (represented by Thierry de Poncheville) resigned from its duties as member of the Audit Committee, and Olivier Lecomte was appointed member of this committee. Accordingly, at the date of this report, the Audit Committee comprises the following three directors: Jean-Patrick Fortlacroix (Chairman of the Audit Committee), Olivier Lecomte, and Joy Verlé.

Philippe Charrier, Chairman of the Board of Directors, 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 included in Appendix 2 to this report.

The composition 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 length of the appointment of Audit Committee members is the same as their term of office as a director.

Operating procedures of the Audit Committee

The Audit Committee is convened by its Chairman whenever he 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.

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Based on this schedule, the agenda for meetings is drawn up by the Chairman 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 quorum requirement for the Audit Committee to transact business validly is met when at least half of its members are present.

The Secretary of the Audit Committee acts as secretary of the Board of Directors.

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.

To perform the duties with which it is entrusted, the Audit Committee may commission external technical studies.

Duties and activities of the Audit Committee

The Audit Committee met four times during the 2020 financial year (three times during the previous financial year). The directors' attendance rate stood at 93.75% (versus 83.33% in the previous financial year). Directors' individual attendance rates at the various meetings of the Audit Committee 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 in financial and accounting matters. It draws on the report by the AMF working group on Audit Committees published on 22 July 2010 to guide its work.

The Audit Committee reports on its work to the Board of Directors, states any pertinent opinions and suggestions and brings to its attention any points requiring the Board to make a decision.

The table below provides a summary of the duties of the Audit Committee and the subjects covered during its meetings held in 2020.

Duties of the Audit Committee	Activities of the Audit Committee in 2020
Monitoring of the process through which financial information is prepared	Review of the annual and consolidated financial statements at 31 December 2019 and the consolidated interim financial statements at 30 June 2020
Review of risks (including those of a corporate and environmental nature), levels of risk and procedures for guarding against them, and material off-balance sheet commitments	Monitoring of the progress made in compliance projects arising from the entry into force of 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 at 31 December 2019 and the consolidated interim financial statements at 30 June 2020, and of the effectiveness of the internal control of ORPEA • 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 of the work undertaken by the department responsible for internal control, internal audit and risk management
Implementation of rules on the rotation of audit firms and principal signatory partners in accordance with the law, including by steering the selection procedure for the Statutory Auditors of the Company and by submitting the results of the selection process to the Board of Directors	Review of the proposal to renew the appointment of the Statutory Auditors, Saint-Honoré BK&A
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 No. 537/2014 and Article 10 of the Code of Conduct) (the **"Permitted Non-Audit Services"**)	Not applicable in 2020
Other	• Hearing of Statutory Auditors in the absence of Executive Management • Implementation of the procedure for assessing standard agreements concluded under normal conditions

APPOINTMENTS AND REMUNERATION COMMITTEE

The following tables present the principal key indicators applicable to the Appointments and Remuneration Committee and the individual attendance rates for directors at its meetings.

Principal key indicators	FY 2020	FY 2019
Number of meetings of the Appointments and Remuneration Committee	8	3
Attendance rate at meetings of the Appointments and Remuneration Committee	100%	100%
Number of members of the Appointments and Remuneration Committee[(1)]	4	5
Proportion of independent directors[(1)(2)]	100%	100%
Proportion of women on the Appointments and Remuneration Committee[(1)(2)]	66.66%	50%
Average length of service of members of the Appointments and Remuneration Committee[(1)(3)]	4	3
Average age of members of the Appointments and Remuneration Committee[(1)(3)]	52.75	52.2

(1) Composition of the Appointments and Remuneration Committee at 31 December of the relevant financial year.
Xavier Coirbay resigned as a director on 16 November 2020, and his term of office as member of the Appointments and Remuneration Committee ended at the same date.
In the context of reshaping the membership of the Board Committees, with a view to welcoming the new members, Corine de Bilbao was appointed to the Appointments and Remuneration Committee on 26 January 2021. Since then, the committee comprises five directors once again.
(2) The director representing employees in the Appointments and Remuneration Committee was not included in the calculations.
(3) The director representing employees in the Appointments and Remuneration Committee was included in the calculations.

Directors' individual attendance rates	FY 2020	FY 2019
Peugeot Invest Assets[(1)], represented by Thierry de Poncheville	100%	100%
Corine de Bilbao[(2)]	N/A	N/A
Xavier Coirbay[(3)]	100%	100%
Bernadette Danet-Chevallier	100%	100%
Sophie Kalaidjian, director representing employees	100%	100%
Joy Verlé	100%	100%

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(2) In the context of reshaping the membership of the Board Committees, aimed in particular at welcoming the new members at the Board of Directors of 26 January 2021, Corine de Bilbao was appointed to the Appointments and Remuneration Committee.
(3) Xavier Coirbay resigned as a director on 16 November 2020, and his term of office as member of the Appointments and Remuneration Committee ended at the same date.

Members of the Appointments and Remuneration Committee

At 31 December 2020, the Appointments and Remuneration Committee comprised the following four members: Peugeot Invest Assets[(1)] (represented by Thierry de Poncheville, Chairman of the Appointments and Remuneration Committee), Bernadette Danet-Chevallier, Joy Verlé and Sophie Kalaidjian, the director representing employees. Xavier Coirbay resigned as a director on 16 November 2020, and his term of office as member of the Appointments and Remuneration Committee ended at the same date.

In the context of reshaping the membership of the Board Committees, aimed in particular at welcoming the new members at the Board of Directors of 26 January 2021, Corine de Bilbao was appointed to the Appointments and Remuneration Committee. Accordingly, at the date of this report, the Appointments and Remuneration Committee comprises the following five directors: Peugeot Invest Assets[(1)] (represented by Thierry de Poncheville, Chairman of the Appointments and Remuneration Committee), Corine de Bilbao, Bernadette Danet-Chevallier, Joy Verlé and Sophie Kalaidjian, the director representing employees.

Philippe Charrier, Chairman of the Board of Directors, attends its meetings in an advisory capacity.

All of its members are independent, except for the director representing employees, given that, in accordance with Article 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 composition 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 length of the term of office of Appointments and Remuneration Committee members is the same as their term of office as a director.

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

Operating procedures of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee is convened by its Chairman 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 Chairman 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 quorum requirement for the Appointments and Remuneration Committee to transact business validly is met when at least half of its members are present.

The Secretary of the Appointments and Remuneration Committee acts as secretary of the Board of Directors.

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 preparations 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 the duties with which it is entrusted, the Appointments and Remuneration Committee may commission external technical studies.

Duties and activities of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee met eight times during the 2020 financial year (three times during the previous financial year). The attendance rate stood at 100% (as was the case during the previous financial year). Directors' individual attendance rates at the various meetings of the Appointments and Remuneration Committee 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 to its attention any points requiring the Board to make a decision.

The table below provides a summary of the duties of the Appointments and Remuneration Committee and the subjects covered during its meetings held in 2020.

Duties of the Appointments and Remuneration Committee	Activities of the Appointments and Remuneration Committee in 2020
Provision of insight for decisions by the Board of Directors on 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, and of the Chief Executive Officer concerning the appointment of the Chief Operating Officer	• Review and recommendations related to the departure of the Chief Operating Officer at the Company's initiative, and setting the financial terms of his departure • Review and recommendations related to the early renewal of the Chief Executive Officer's term of office
Organisation of the regular assessment of the structure, size and composition of the Board of Directors and submission of recommendations relating to any modification/Proposals to the Board for the selection of directors	• Reflection on the composition 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 2020 and 2021 Annual General Meetings • Proposal to renew the terms of office of Laure Baume and Moritz Krautkrämer • Selection of an internationally renowned, independent external firm to search for new director candidates • Search for director candidates and proposed appointment of Corine de Bilbao, Olivier Lecomte and Pascale Richetta • Proposed modification to the Articles of Association regarding the appointment of a second director representing employees • Review in early 2020 of the results of the annual evaluation of the Board of Directors and the Board Committees • Preparation of the formalised annual evaluation of the Board of Directors and the Board Committees in 2021
Proposals to the Board of Directors concerning the establishment and composition of Board Committees	• Proposal to create a new Board Committee dedicated to CSR and Innovation • Thoughts and considerations on reshaping the composition of the Board Committees, aimed mainly at welcoming 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 and director candidates 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	Review of the succession planning for Executive Management, prepared with the assistance of an external, internationally renowned independent firm and based on the HR development policy
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 concerning: • the fixed remuneration and bonus paid to the Chairman of the Board of Directors, plus any other benefits; • the fixed remuneration and bonus paid to the Chief Executive Officer and to the Chief Operating Officer, plus any other benefits (pension, severance payment etc.); • the total budget of remuneration paid to directors to be submitted for approval to the Annual General Meeting and how this is to be allocated; • the introduction of long-term incentive plans, such as awards of stock options or allotments of bonus shares, including to executive officers	• Selection of an internationally renowned external firm to support the Committee with its considerations regarding the remuneration of corporate officers • Recommendations on the amount of bonus payments made in respect of the 2019 financial year to Yves Le Masne and Jean-Claude Brdenk, based on the targets set for them for the financial year, by applying the calculation method approved previously by the Board of Directors • Recommendations on the total annual amount of remuneration for directors • Recommendations on the remuneration policy for corporate officers (including the bonus share allotment plan for Yves Le Masne and Jean-Claude Brdenk) in respect of the 2020 financial year • Thoughts and considerations on renewing the delegation of authority to the Chief Executive Officer for the bonus share allotment to the Group's key executives
Preparations for Board decisions regarding updates to its Internal Rules of Procedure	Proposal to change the Internal Rules of Procedure
Other	• Review of the annual quality audit for 2019 and of the semi-annual audit for 2020 • Thoughts and considerations on the Covid-19 pandemic and its consequences for the work of the Appointments and Remuneration Committee

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.

Composition of the CSR and Innovation Committee

Since its creation and at the date of this report, the CSR and Innovation Committee has comprised the following four directors: Corine de Bilbao (Chairwoman of the CSR and Innovation Committee), Peugeot Invest Assets[1] (represented by Thierry de Poncheville), Moritz Krautkrämer and Pascale Richetta.

Philippe Charrier, Chairman of the Board of Directors, 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 Chairwoman whenever the Chairwoman or the Board of Directors deems it appropriate.

As from 2022, the provisional schedule of 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 Chairwoman 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 quorum requirement for the CSR and Innovation Committee to transact business validly is met when at least half of its members are present.

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.

To perform the duties with which it is entrusted, the CSR and Innovation Committee may commission external technical studies.

Responsibilities of the CSR and Innovation Committee

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 to its attention any points requiring the Board to make a decision.

Without prejudice to the competence of the Board of Directors and Executive Management, this Committee is tasked with the following, in particular:

- examine the Group's strategy and commitments related to corporate social responsibility and innovation;
- monitor the actions implemented by the Group in respect of corporate social responsibility and innovation, and assess the main results;
- 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;
- provide an opinion 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.

5.2 Executive management

5.2.1 SEPARATION OF THE DUTIES OF CHAIRMAN FROM THOSE OF CHIEF EXECUTIVE OFFICER

At its meeting of 15 February 2011, the Board of Directors decided to separate the duties of the Chairman from those of the Chief Executive Officer, given the Group's growth and development. This framework has been retained to date.

Since that date, Yves Le Masne has acted as Chief Executive Officer.

At its meeting on 27 June 2019, the Board of Directors, upon the recommendation of the Appointments and Remuneration Committee, confirmed the separation of the duties of the Chairman from those of the Chief Executive Officer and renewed the term of office of Philippe Charrier as Chairman of the Board of Directors for a period of four years, i.e. until the close of the meeting of the Board of Directors following the Annual General Meeting called to approve the financial statements for the financial year ending 31 December 2022.

The Board of Directors of 2 November 2020 decided:

- based on a proposal submitted by the Chief Executive Officer and on recommendation of the Appointments and Remuneration Committee, to end the duties of the Chief Operating Officer, Jean-Claude Brdenk, with effect from 31 December 2020;
- on recommendation of the Appointments and Remuneration Committee, without Yves Le Masne participating in the vote, to renew with immediate effect the term of office of Chief Executive Officer (held by Yves Le Masne) until the end of the first meeting of the Board of Directors following the Annual General Meeting convened in 2025 to approve the financial statements for the financial year ending 31 December 2024.

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

5.2.2 RESTRICTIONS ON THE POWERS OF EXECUTIVE MANAGEMENT

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 objects and without prejudice to those 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 the following Board 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 the following Board 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 conferring 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, bonus shares, incentive payments or profit-sharing.

RESTRICTIONS ON THE POWERS OF THE CHIEF OPERATING OFFICER

As Chief Operating Officer until 31 December 2020, Jean-Claude Brdenk held the same management powers and the powers to represent the Company as the Chief Executive Officer.

For illustrative purposes, rather than to place restrictions on his powers, the Board of Directors had stated that his powers include:

- directing and overseeing the Group's facilities;
- hiring and dismissing any employees, setting the terms of their employment and their salaries, wages and bonuses;
- entering into and signing for the aforementioned purposes any agreements, appointing any special representatives, and generally taking whatever action is necessary for the general administration of the Group's facilities and implementation of the decisions of the Board of Directors or of the Chief Executive Officer.

The aforementioned restrictions placed by the Board of Directors on the powers of the Chief Executive Officer applied automatically to the Chief Operating Officer.

5.3 Remuneration and benefits granted to corporate officers

5.3.1 AMENDMENT TO THE 2020 REMUNERATION POLICIES APPLICABLE TO YVES LE MASNE AND JEAN-CLAUDE BRDENK, RESPECTIVELY CHIEF EXECUTIVE OFFICER AND, UNTIL 31 DECEMBER 2020, CHIEF OPERATING OFFICER, AND TO THE 2018 AND 2019 REMUNERATION POLICIES OF JEAN-CLAUDE BRDENK, CHIEF OPERATING OFFICER UNTIL 31 DECEMBER 2020, SUBMITTED FOR SHAREHOLDERS' APPROVAL AT THE ANNUAL GENERAL MEETING PLANNED FOR 24 JUNE 2021 (AMENDING FORWARD-LOOKING "SAY ON PAY" VOTE)

INTRODUCTION OF CONSTRAINED DISCRETION TO ASSESS THE INTERNAL PERFORMANCE CONDITION OF THE 2020 BONUS SHARE ALLOTMENT PLAN FOR EXECUTIVE OFFICERS

On 22 April 2021, the Board of Directors decided – based on a proposal submitted by the Appointments and Remuneration Committee, considering that the performance conditions of the 2020 bonus share allotment plan for executive officers had been set while the Covid-19 pandemic was still emerging, that said pandemic has not ended and that the extent of its effects is still not precisely known, having examined a review of market practices carried out by an internationally renowned, independent external firm after analysing three different sample groups[1] (hereinafter the "**Study**"), and after consulting its usual legal advisor – to propose an amendment to the 2020 remuneration policies applicable to Yves Le Masne and Jean-Claude Brdenk, respectively Chief Executive Officer and, until 31 December 2020, Chief Operating Officer, in order to reserve the discretionary power to assess the level of attainment of the internal performance objective (namely earnings per share) of said bonus share allotment plan, taking into consideration the impact of the Covid-19 epidemic, within the following limits:

- the Board of Directors may only exercise this discretionary power if earnings per share increase by at least 10% between 31 December 2019 and 31 December 2022;
- should the Board of Directors decide to exercise this discretionary power, only 60% of the shares attributable under this condition may vest with executive officers.

The introduction of such an adjustment would make it possible, if necessary, to partially neutralise the impact of the Covid-19 pandemic in order to reward the strong performance of executive officers, while remaining aligned with the interests of shareholders. In the short term, this would make it possible to motivate and retain Yves Le Masne, while there is still uncertainty regarding the attainment of the earnings-per-share objective.

The other components (notably the stock market and ESG performance conditions of the 2020 bonus share allotment plan) of the 2020 remuneration policy would remain unchanged, subject to what is mentioned in the below paragraph regarding the waiver of the requirement of continued presence at the Group in the 2020 bonus share allotment plan, in particular, with the application of a pro rata method for Jean-Claude Brdenk, in return for making non-compete, non-solicitation and non-disparagement commitments to the Group.

the Board of Directors did not decide, based on a proposal submitted by the Appointments and Remuneration Committee, to propose an amendment to the performance conditions of the 2018 and 2019 bonus share allotment plan (in terms of type and/or level), or to introduce constrained discretion to assess their performance conditions, considering that they are limited to stock market performance. Such changes could damage the alignment with the interests of shareholders and would not have made it possible to keep uncertainty as to whether the objectives would be met.

WAIVER OF THE REQUIREMENT OF CONTINUED PRESENCE IN THE GROUP ATTACHED TO THE 2018, 2019 AND 2020 BONUS SHARE ALLOTMENT PLANS, WITH THE APPLICATION OF A PRO RATA METHOD FOR JEAN-CLAUDE BRDENK, CHIEF OPERATING OFFICER UNTIL 31 DECEMBER 2020, IN RETURN FOR MAKING NON-COMPETE, NON-SOLICITATION AND NON-DISPARAGEMENT COMMITMENTS TO THE GROUP

On 2 November 2020, the Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, terminated the duties of Jean-Claude Brdenk as Chief Operating Officer, with effect from 31 December 2020, to take into account operational changes within the Group.

On this occasion, Jean-Claude Brdenk agreed to make the following commitments to the Group, until 23 June 2023:

- a non-compete, non-solicitation and non-disparagement commitment, provided that the Annual General Meeting planned for 24 June 2021 is called upon to express an opinion on the waiver of the requirement of continued presence attached to the 2018, 2019 and 2020 bonus share allotment plans, using a pro rata method; and

(1) The first group comprised a representative sample of 24 CAC 40 companies for which 2020 data were available as at 20 April 2020; the second group comprised a representative sample of 13 Next20 companies for which 2020 data were available as at 20 April 2020; and the third group comprised peers for which 2020 data were available as at 20 April 2020.

- a non-compete commitment subject to maintaining, *on a pro rata basis,* his bonus shares in the process of vesting when his duties came to an end,

(hereinafter the "**Commitments**").

The financial terms related to Jean-Claude Brdenk's departure were published on the Company's website following the Board of Directors that had set them, in accordance with the AFEP-MEDEF Code, and are included on page 194 et seq. of this 2020 Universal Registration Document.

Within this framework, the Board of Directors decided in particular to propose, on the recommendation of the Appointments and Remuneration Committee, and after consulting its usual legal advisor, to change the remuneration policies applicable to the Chief Operating Officer for 2018, 2019 and 2020, in order to allow Jean-Claude Brdenk to retain the benefit of some of the shares allotted to him in 2018, 2019 and 2020, subject to the terms and conditions defined hereinafter.

The remuneration policies for the Chief Operating Officer with respect to his term of office, previously approved by the shareholders pursuant to Article L. 225-37-2 (henceforth L. 22-10-8) of the French Commercial Code, provides for a requirement of continued presence at the Group. Since the vesting period for the 2018, 2019 and 2020 plans had not lapsed at the date of Jean-Claude Brdenk's departure, the latter should in theory lose all the shares that had been allotted to him under these plans.

Considering the length of service of Jean-Claude Brdenk, his contribution to the Group's development, the circumstances of his departure (which is due to a change in the Group's operational structure), and the commitments that Jean-Claude Brdenk agreed to make to the Group (which strengthen the Group's protection at the time of his departure), the 2018, 2019 and 2020 remuneration policies applicable to the Chief Operating Officer have been changed to enable the Board of Directors to waive the requirement of continued presence in the Group, as set out in the bonus share allotment plans in progress at the date of Jean-Claude Brdenk's departure under the following terms. The other terms of the remuneration policies remain unchanged.

In the event that the requirement of continued presence at the Group is waived, the bonus share allotment to Jean-Claude Brdenk would be subject to the pro rata principle. Accordingly, the total allocation (after applying the performance conditions) would be reduced on a pro rata basis according to the performance period.

Pursuant to this principle, the Board of Directors decided to retain the benefit of 38,558 performance shares that had not yet vested at the date of his departure, together valued at €516,899.60 (on the basis of closing prices at 30 October 2020) and broken down as follows.

Plan No. and date		Number of shares allotted initially	Start of the performance period	End of the performance period	*Pro rata*[(1)]	Number of shares allotted *pro rata*	IFRS cost at 30/10/2020
Plan No. 6 of 28/06/2018		20,435	01/01/2018		1/3	20,435	€173,288.80
Plan No. 7 of 27/06/2019		20,699	01/01/2019	31/12/2020	2/3	13,799	€196,911.73
	Stock market condition	9,398				3,133	€47,464.95
Plan No. 8 of 23/06/2020	Internal condition	2,858	01/01/2020		3/3	953	€79,403.96
	ESG condition	715				238	€19,830.16

(1) The pro rata factor was calculated based on the performance periods.

If the requirement of continued presence at the Group is waived, the allotments in question would remain subject to performance conditions across the entire period used to assess the performance set out by each plan.

They would also be provisional to Jean-Claude Brdenk's compliance with the Commitments made to the Group when his duties came to an end.

The number of shares definitively allocated to Jean-Claude Brdenk will thus be set by the Board of Directors at the end of the vesting period of each of the three plans, according to the assessment of the performance criteria set out in these plans, and subject to Jean-Claude Brdenk's compliance with the Commitments.

The other components of the 2018, 2019 and 2020 remuneration policies would remain unchanged, subject to what is mentioned in the previous paragraph regarding the 2020 remuneration policy.

DRAFT 8th, 9th, 10th AND 11th RESOLUTIONS SUBMITTED FOR SHAREHOLDERS' APPROVAL

Approval of the change to the remuneration policy of Yves Le Masne, Chief Executive Officer, for the 2020 financial year

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code, the amended remuneration policy for Yves Le Masne, the Chief Executive Officer, in respect of the year 2020, as presented in the corporate governance report in section 5.3.1 of the 2020 Universal Registration Document.

Approval of the amendment to the remuneration policy of Jean-Claude Brdenk, Chief Operating Officer until 31 December 2020, for the year 2018

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code and subject to the condition precedent of the approval by the General Meeting of the fourth resolution, the amended remuneration policy for Jean-Claude Brdenk, Chief Operating Officer, in respect of the year 2018, as presented in the corporate governance report in section 5.3.1 of the 2020 Universal Registration Document.

Approval of the amendment to the remuneration policy of Jean-Claude Brdenk, Chief Operating Officer until 31 December 2020, for the year 2019

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code and subject to the condition precedent of the approval by the General Meeting of the fourth resolution, the amended remuneration policy for Jean-Claude Brdenk, Chief Operating Officer, in respect of the year 2019, as presented in the corporate governance report in section 5.3.1 of the 2020 Universal Registration Document.

Approval of the amendment to the remuneration policy of Jean-Claude Brdenk, Chief Operating Officer until 31 December 2020, for the year 2020

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code and subject to the condition precedent of the approval by the General Meeting of the fourth resolution, the amended remuneration policy for Jean-Claude Brdenk, Chief Operating Officer, in respect of the year 2020, as presented in the corporate governance report in section 5.3.1 of the 2020 Universal Registration Document.

5.3.2 REMUNERATION AND BENEFITS GRANTED TO CORPORATE OFFICERS IN RESPECT OF 2020 (SUBJECT TO SHAREHOLDERS' RETROSPECTIVE "SAY ON PAY" VOTE)

The remuneration and benefits granted to corporate officers in respect of 2020 were mainly allocated, subject to the changes that will be proposed at the Annual General Meeting of 24 June 2021, in accordance with the remuneration policy applicable to them, as approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code.

Accordingly, the Chairman of the Board of Directors receives only fixed remuneration and the remuneration he may receive in his capacity as director; the remuneration packages of the Chief Executive Officer and Chief Operating Officer consist of a fixed salary, bonus payment and a long-term incentive plan linked to the Company's share capital (in the form of bonus shares).

The payment of the 2020 annual bonus to Yves Le Masne and Jean-Claude Brdenk, and the severance payment awarded to the latter, is subject to the approval of the Annual General Meeting scheduled for 24 June 2021.

The term of office of Jean-Claude Brdenk as Chief Operating Officer ended on 31 December 2020. On that occasion, the Board decided to ask the Annual General Meeting planned for 24 June 2021 to waive the requirement of continued presence at the Group, set out in the bonus share plans in progress, in particular the plan of 23 June 2020, using a pro rata method (see section 5.3.1 above).

The remuneration of members of the Board of Directors payable to said members for the financial year ended 31 December 2020 for their terms of office as directors forms part of the total amount of remuneration allocated to directors, approved by the Combined General Meeting of 23 June 2020, as per the allocation terms applicable since 28 June 2018 and approved by the same Meeting. The remuneration of members of the Board of Directors reflects directors' record of attendance at meetings of the Board of Directors and the Board Committees and thus includes a variable attendance-based component, which outweighs the fixed component.

REMUNERATION AND BENEFITS IN KIND FOR MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the law, the total amount of remuneration allocated to directors is set by the Annual General Meeting and the allocation thereof is determined by the Board of Directors, in accordance with the remuneration policy submitted for shareholders' approval pursuant to Article L. 22-10-8 of the French Code of Commerce.

Pursuant to the recommendations of the AFEP-MEDEF Code, this allocation reflects directors' record of attendance at meetings of the Board of Directors and the Board Committees and thus includes a variable attendance-based component, which outweighs the fixed component. The amount of this remuneration is tailored to the level of responsibility of each director and the time required to perform their duties.

The Combined General Meeting of 23 June 2020 set the total amount of remuneration allocated to directors at €650,000 per annum. This new amount was proposed by the Board of Directors of 17 March 2020, based on a proposal submitted by the Appointments and Remuneration Committee, taking into consideration the appointments of an eleventh director (appointed by the Annual General Meeting) and of a second director representing employees.

During the same meeting of the Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, the Board decided to renew the terms and conditions for the allocation of the total annual remuneration to directors, applicable since 28 June 2018, namely:

- for their attendance at meetings of the Board of Directors (in the case of directors who do not represent employees): they receive a flat-rate award not exceeding €40,000, consisting of a fixed sum of €15,000 and a variable portion of €25,000, from which €2,500 is subtracted per meeting missed, starting from the second meeting missed;
- for attendance at meetings of the Board Committees (in the case of directors who do not represent employees): they receive a fixed sum of €3,000 per meeting, or double this amount for the Committee chairmen;
- in the case of directors representing employees: a sum of €1,500 per meeting of the Board of Directors and, where applicable, the Board Committees.

On 4 May 2020, the Board of Directors, based on a proposal submitted by the Chairman of the Board of Directors and the Appointments and Remuneration Committee, decided, on an exceptional basis, to reduce by 25% the remuneration to be paid to each director for their participation in meetings of the Board of Directors and, where applicable, meetings of the Board Committees held during Q2 2020; this reduction does not, however, apply to the remuneration received by Brigitte Lantz, whose term of office expired following the Annual General Meeting of 23 June 2020. The amount corresponding to this reduction was paid to the ORPEA Foundation.

Until the end of the Annual General Meeting of 23 June 2020, the total amount of remuneration allocated to directors was set at an annual amount of €550,000, distributed under the terms set out above.

Pursuant to these rules, a gross total amount of €581,634.80 was paid in respect of the total annual remuneration allocated to directors for their attendance at meetings of the Board of Directors and its Committees in 2020 (€492,500 in respect of the previous financial year). Moreover, the sum of €38,947.16 was paid to the ORPEA Foundation.

The amount of remuneration received by each of the directors in respect of the 2019 and 2020 financial years is presented in Table 3 – AFEP-MEDEF code presented in section 5.3.3 below.

REMUNERATION OF PHILIPPE CHARRIER, CHAIRMAN OF THE BOARD OF DIRECTORS, IN RESPECT OF THE 2020 FINANCIAL YEAR

Fixed remuneration

On 17 March 2020, based on a proposal submitted by the Appointments and Remuneration Committee and to reflect his experience and the duties entrusted to him (as presented in section 5.1.2 above), the Board of Directors decided to maintain Philippe Charrier's gross fixed remuneration in respect of the 2020 financial year as Chairman of the Board of Directors at €260,000 (for the third consecutive year).

On 4 May 2020, the Board of Directors decided, based on a proposal submitted by the Chairman of the Board of Directors and the Appointments and Remuneration Committee, on an exceptional basis, to reduce by 25% the gross fixed remuneration to be paid to the Chairman of the Board of Directors in respect of Q2 2020. The amount corresponding to this reduction was paid to the ORPEA Foundation.

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Philippe Charrier received gross fixed remuneration of €243,750 for his duties as Chairman of the Board of Directors in respect of the financial year ended 31 December 2020. Moreover, the sum of €16,250 was paid to the ORPEA Foundation.

Remuneration in respect of the office of director

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code and the allocation terms for the total annual remuneration allocated to the directors referenced above, Philippe Charrier received €37,513.66 in respect of his duties as a director for the financial year ended 31 December 2020. Moreover, the sum of €2,486.34 was paid to the ORPEA Foundation.

Annual bonus payment and other remuneration

Philippe Charrier does not receive an annual bonus or exceptional payment. He does not receive any other remuneration (neither stock options, nor performance shares, in particular) or benefit in kind.

Remuneration paid or awarded during or in respect of the 2020 financial year to Philippe Charrier, Chairman of the Board of Directors, subject to shareholders' retrospective "say on pay" vote at the Annual General Meeting on 24 June 2021

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 24 June 2021 of the fixed, bonus and exceptional remuneration components of the total remuneration and benefits of any kind paid or awarded during or in respect of the financial year ended 31 December 2020 to Philippe Charrier, Chairman of the Board of Directors (there is no annual bonus or exceptional remuneration, or any other remuneration – neither stock options, nor performance shares or benefit in kind).

The remuneration received by Philippe Charrier, Chairman of the Board of Directors, in respect of the 2020 financial year is consistent with the policy for his remuneration approved at the Annual General Meeting on 23 June 2020.

Components of remuneration	Amounts or accounting value	Comments
Annual fixed remuneration	€243,750	On 17 March 2020, based on a proposal submitted by the Appointments and Remuneration Committee and to reflect his experience and the duties entrusted to him, the Board of Directors decided to maintain Philippe Charrier's gross fixed remuneration in respect of the 2020 financial year as Chairman of the Board of Directors at €260,000 (for the third consecutive year). On 4 May 2020, the Board of Directors, based on a proposal submitted by Philippe Charrier and the Appointments and Remuneration Committee, decided, on an exceptional basis, to reduce by 25% the gross fixed remuneration to be paid to the Chairman of the Board of Directors in respect of Q2 2020. Accordingly, Philippe Charrier received a gross fixed remuneration of €243,750 for financial year 2020, and the sum of €16,250 was paid to the ORPEA Foundation.
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.
Remuneration in respect of the office of director	€37,513.66	In accordance with the allocation terms for the total remuneration allotted to directors, Philippe Charrier received €37,513.66. Moreover, the sum of €2,486.34 was paid to the ORPEA Foundation.
Long-term remuneration	N/A	Philippe Charrier did not benefit from any long-term remuneration.
Sign-on or severance payments	N/A	No commitment of this kind has been made.
Benefits of any kind	N/A	Philippe Charrier received no benefits of any kind.

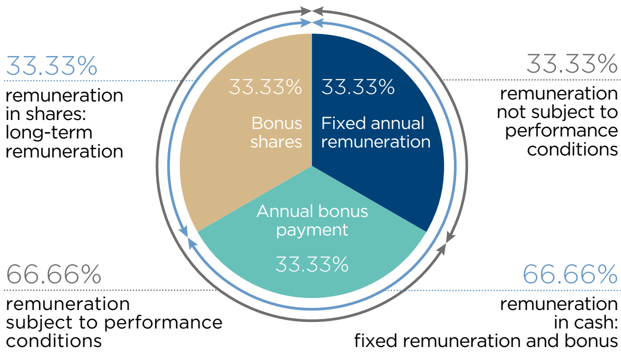
REMUNERATION OF YVES LE MASNE AND JEAN-CLAUDE BRDENK, RESPECTIVELY CHIEF EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER, IN RESPECT OF THE 2020 FINANCIAL YEAR[1]

Key principles

At its meeting on 4 May 2020, based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to maintain (for the fourth consecutive year) the structure of Yves Le Masne's and Jean-Claude Brdenk's remuneration, respectively as Chief Executive Officer and Chief Operating Officer, as follows for 2020:

- 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.

■ **Graphical illustration of the balance between the various components of Yves Le Masne's and Jean-Claude Brdenk's annual remuneration**



(1) *The term of office of Jean-Claude Brdenk as Chief Operating Officer ended on 31 December 2020.*

Based on this proposal, the remuneration package for the financial year ended 31 December 2020 awarded to Yves Le Masne, Chief Executive Officer, and Jean-Claude Brdenk, Chief Operating Officer, was comprised of the following components:

- annual fixed remuneration:
  - Yves Le Masne, Chief Executive Officer: €760,000 (€27,102.03 in net monthly fixed remuneration after tax, calculated after applying the 25% reduction of the gross fixed remuneration in respect of Q2 2020, as mentioned above) (unchanged for the third consecutive year),
  - Jean-Claude Brdenk, Chief Operating Officer: €640,000 (unchanged for the fourth consecutive year),
  - on an exceptional basis, based on a proposal submitted by executive officers and the Appointments and Remuneration Committee, their gross fixed remuneration in respect of Q2 2020 was reduced by 25%. The amount corresponding to these reductions was paid to the ORPEA Foundation;
- 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 bonus share allotment subject to performance conditions or a similar plan, capped at an upper limit of 100% of the annual fixed remuneration, based on IFRS measurements, as calculated by an independent firm.

In addition, Yves Le Masne, Chief Executive Officer, and Jean-Claude Brdenk, Chief Operating Officer, receive the following benefits in kind:

- a company car;
- application of group personal protection and healthcare cost reimbursement plans in force at the Company on the same basis as those applicable to the employee grade in which they have been classified.

Yves Le Masne, Chief Executive Officer, also receives remuneration in respect of his duties as a director, which is calculated as set out above.

Lastly, Yves Le Masne and Jean-Claude Brdenk benefit from a severance payment arrangement that was implemented upon the departure of Jean-Claude Brdenk.

The annual bonus payments awarded in respect of the financial year ended 31 December 2020 to the Chief Executive Officer and to the Chief Operating Officer, and the severance payment awarded to the latter, may only be paid after their approval by the Annual General Meeting to be held on 24 June 2021, in accordance with the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code.

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 (unchanged for the third consecutive year). The following should be noted:
  - the level of attainment of these quantifiable criteria is approved by the Statutory Auditors as part of their audit work,
  - on 4 May 2020, the Board of Directors made a deliberate decision, on recommendation of the Appointments and Remuneration Committee, not to adjust these objectives; due to the emerging health crisis, it considered that it did not have the necessary visibility at that date, and had reserved its discretionary power in light of the exceptional circumstances to assess the level of attainment of quantifiable objectives taking into consideration the impact of the Covid-19 pandemic,
  - the Board of Directors of 22 April 2021, on recommendation of the Appointments and Remuneration Committee, considering the strong performance of the Chief Executive Officer and of ORPEA in a particularly difficult period, bearing in mind the Study and after consulting its usual legal advisor, decided to exercise the discretionary power it had reserved, as set out in more detail in the tables below;
- a component linked to the attainment of qualitative objectives, representing a target proportion of 30% of the total annual bonus payment (unchanged for the third consecutive year). The level of attainment of qualitative criteria is assessed based on a presentation by Executive Management of the attainment of each objective.

The tables below detail the methods used to calculate the annual bonus payments to the Chief Executive Officer and the Chief Operating Officer in respect of the financial year ended 31 December 2020, together with the objectives set for their payment, the extent to which the objectives were achieved, and the manner in which the Board exercised the right it had reserved itself, taking into account the exceptional circumstances, in assessing the level of attainment of quantifiable objectives, factoring in the impact of the Covid-19 pandemic.

- **Yves Le Masne**

	Objectives			Target bonus				Bonus in the event of outperformance			
Aggregates excluding IFRS 16	**Initial target**	**Outperformance**	**2020 Attainment**	**Target** *(as a %)*	**Target** *(in euros)*	**2020 Attainment**	**2020 Amount**	**Outperformance** *(as a %)*	**Outperformance** *(in euros)*	**% of outperformance**	**Outperformance** *(in euros)*
QUANTIFIABLE OBJECTIVES (70% OF TOTAL BONUS PAYMENTS)											
Revenue growth[1]	8.00%	12.00%	**4.90%**	7.78%	€59,128	Achieved	€59,128	8.00%	€60,800		€0
Organic growth in revenue[1]	4.00%	6.00%	**0.00%**	7.78%	€59,128	Achieved	€59,128	8.00%	€60,800		€0
Growth in EBITDA	8.00%	12.00%	**-6.70%**	7.78%	€59,128	Not achieved	€0	8.00%	€60,800		€0
Organic growth in EBITDA	Confidential figure	Confidential figure	**Confidential figure**	7.78%	€59,128	Not achieved	€0	10.00%	€76,000		€0
Improvement in the EBITDA margin	= or > 2019 EBITDA margin (17.4%)	17.80%	**15.50%**	7.78%	€59,128	Not achieved	€0	8.00%	€60,800		€0
Increase in free cash flow per share	Confidential figure		**Confidential figure**	7.78%	€59,128	Not achieved	€0				
Increase in adjusted consolidated net profit	7.00%	10.00%	**-31.60%**	7.78%	€59,128	Not achieved	€0	8.00%	€60,800		€0
Change in restated financial leverage[2]	≤ 2.6		**3.4**	7.78%	€59,128	Achieved	€59,128				
Gearing	≤ 1.7		**1.6**	7.76%	€58,976	Achieved	€58,976				
Total quantifiable objectives				**70.00%**	**€532,000**		**€236,360**	**50.00%**	**€380,000.00**		**-**
QUALITATIVE OBJECTIVES (30% OF TOTAL BONUS PAYMENTS)											
Management chart[3]				15.00%	€114,000	Achieved	€114,000				
Budget process				15.00%	€114,000	Achieved	€114,000				
Total qualitative objectives				**30.00%**	**€228,000**		**€228,000**				
TOTAL BONUS PAYMENT				**100.00%**	**€760,000**		**€464,360**	**50.00%**	**€380,000.00**		**-**
											TOTAL
											€464,360.00
											61.10%

(1) *Exercising its discretionary power regarding the level of attainment of quantifiable objectives, which it had reserved, the Board of Directors considered the revenue growth and organic revenue growth objectives to have been attained, since the Company was able to increase its total revenue and keep organic revenue stable, despite the exceptional circumstances.*
(2) *Exercising its discretionary power regarding the level of attainment of quantifiable objectives, which it had reserved, the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, considered there to be legitimate grounds to restate the debt related to the acquisitions of psychiatric hospitals SINOUE and CLINIPSY, acquired under especially advantageous terms for the Company, and hence to confirm the 100% attainment of the restated financial leverage objective.*
(3) *ESG criterion.*

- **Jean-Claude Brdenk**

	Objectives			Target bonus				Bonus in the event of outperformance			
	Initial target	**Outper-formance**	**2020 Attainment**	**Target** *(as a %)*	**Target** *(in euros)*	**2020 Attainment**	**2020 Amount**	**Outper-formance** *(as a %)*	**Outper-formance** *(in euros)*	**% of outper-formance**	**Outper-formance** *(in euros)*
QUANTIFIABLE OBJECTIVES (70% OF TOTAL BONUS PAYMENTS)											
Revenue growth(1)	8.00%	12.00%	**4.90%**	10.00%	€64,000	Achieved	€64,000	10.00%	€64,000		€0
Organic growth in revenue(1)	4.00%	6.00%	**0.00%**	10.00%	€64,000	Achieved	€64,000	10.00%	€64,000		€0
Growth in EBITDAR	8.00%	12.00%	**-2.00%**	10.00%	€64,000	Not achieved		10.00%	€64,000		€0
Organic growth in EBITDAR	Confidential figure	Confidential figure	**Confidential figure**	10.00%	€64,000	Not achieved		20.00%	€128,000		€0
Change in facility manager turnover(2)	Decrease		**Confidential figure**	10.00%	€64,000	Achieved	€64,000				
Change in employee turnover(2)	Decrease		**Confidential figure**	10.00%	€64,000	Achieved	€64,000				
Internal promotion to a managerial role(2)	Increased rate		**+5.7%**	10.00%	€64,000	Achieved	€64,000				
Total quantifiable objectives				**70.00%**	**€448,000**		**€320,000**	**50.00%**	**€320,000.00**		**-**
QUALITATIVE OBJECTIVES (30% OF TOTAL BONUS PAYMENTS)											
Non-financial reporting, including crisis and post-crisis(2)				15.00%	€96,000	50% attained	€48,000				
Quality in the context of the Covid-19 pandemic(2)				15.00%	€96,000	Achieved	€96,000				
Total qualitative objectives				**30.00%**	**€192,000**		**€144,000**				
TOTAL BONUS PAYMENT				**100.00%**	**€640,000**		**€464,000**	**50.00%**	**€320,000.00**		
											TOTAL
											€464,000.00
											72.50%

(1) *Exercising its discretionary power regarding the level of attainment of quantifiable objectives, which it had reserved, the Board of Directors considered the revenue growth and organic revenue growth objectives to have been attained, since the Company was able to increase its total revenue and keep organic revenue stable, despite the exceptional circumstances.*
(2) *ESG criteria.*

Bonus share allotment plan

The principal terms and conditions governing the bonus share allotment plan are as follows:

- amount equal to fixed salary, based on the IFRS measurement of shares as calculated by an independent firm, with a reference date of 04 May 2020, the date of the Board of Directors' meeting;
- requirement of continued presence at the Group;
- 1st performance condition (stock market – 50% of the definitive allocation): the performance of ORPEA's share price with dividends included (TSR, total shareholder return) compared with the average performance of the MSCI Europe ex. UK index (made up of over 300 companies in Europe outside the UK) and the CAC 40 index, including dividends paid, during the 2020, 2021 and 2022 financial years:
  - 25% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) is equal to the average increase in both indices over the reference periods,
  - 60% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by 5 percentage points:
    - pro rata acquisition of between 25% and 60% of shares allocated if ORPEA's total shareholder return (increase in share price + dividends) falls between the average performance observed for both indices over the reference periods and 5 percentage points above said average performance,
  - 100% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by at least 10 percentage points:
    - pro rata acquisition of between 60% and 100% of the shares allocated if ORPEA's total shareholder return lies between 5 and 10 percentage points above the average increase in both indices over the reference periods,
  - reference periods: average of ORPEA's share price performance over the period from 1 January 2023 to 30 April 2023, plus the dividend paid in respect of the 2020, 2021 and 2022 financial years, compared with the same average over the period from 1 January 2020 to 30 April 2020, plus the dividend paid in respect of the 2019 financial year. 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 (TSR indices), during the 2020, 2021 and 2022 financial years;
- 2nd performance condition (internal – 40% of the definitive allocation): earnings per share:
  - 25% of shares allocated in respect of the second condition will vest if earnings per share increase by 25% between 31 December 2019 and 31 December 2022,
  - 60% of shares allocated in respect of the second condition will vest if earnings per share increase by 26% between 31 December 2019 and 31 December 2022:
    - pro rata acquisition of between 25% and 60% of shares allocated if earnings-per-share growth between 31 December 2019 and 31 December 2022 is between 25% and 26%,
  - 100% of shares allocated in respect of the second condition will vest if earnings per share increase by at least 27% between 31 December 2019 and 31 December 2022:
    - pro rata acquisition of between 60% and 100% of shares allocated if earnings-per-share growth between 31 December 2019 and 31 December 2022 is between 26% and 27%.
  - As explained in more detail in section 5.3.1 above, on 22 April 2021 the Board of Directors decided to propose a change to the 2020 remuneration policies applicable to Yves Le Masne and Jean-Claude Brdenk, respectively Chief Executive Officer and, until 31 December 2020, Chief Operating Officer, in order to reserve the discretionary power to assess the level of attainment of this earnings-per-share objective taking into consideration the impact of the Covid-19 pandemic, keeping within the following thresholds:
    - the Board of Directors may only exercise this discretionary power if earnings per share increase by at least 10% between 31 December 2019 and 31 December 2022,
    - should the Board of Directors decide to exercise this discretionary power, only 60% of the shares attributable under this condition may vest with executive officers.

    Accordingly, in the event that (i) the 8th and 11th resolutions submitted for shareholders' approval were approved by the Annual General Meeting of 24 June 2021, (ii) the conditions governing the exercise of the aforementioned discretionary power were fulfilled on 23 June 2023, and (iii) the Board of Directors decides to exercise said power, the maximum number of shares that could be definitively allocated to the beneficiaries in respect of this condition would represent 24% of the definitive allocation (instead of 40% of the definitive allocation when applying the internal performance condition under normal conditions);
- 3rd performance condition (ESG – 10% of the definitive allocation): employee satisfaction surveys:
  - an independent company will carry out a minimum of two employee satisfaction surveys before 30 April 2023, covering at least 90% of the Group's employees at a constant scope of consolidation and leading to an improvement in the rates of satisfaction,
  - at a constant scope of consolidation: Group facilities at 30 June 2020;
- three-year vesting period;
- 25% of the vested shares must be held until their term of office comes to an end.

The periods during which the shares may not be sold are stated in the regulations of the relevant plan. The plan also includes a commitment not to engage in hedging risks arising from performance shares until the end of the holding period for the shares, as stipulated by the Board of Directors.

Executive officers are not granted stock options.

Commitments to Yves Le Masne and Jean-Claude Brdenk, Chief Executive Officer and Chief Operating Officer, respectively

Severance payment

In recognition of the major contributions made by Yves Le Masne and Jean-Claude Brdenk, respectively Chief Executive Officer and, until 31 December 2020, Chief Operating Officer, to the Group's development over many years, and given their past repudiation of their employment contracts, the Board of Directors of 4 May 2020 approved the continuation of the severance payment arrangement should their duties as executive officers come to an end, giving them the right to receive a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid in respect of the previous two financial years), in line with the Company's corporate interest and with market practices. This arrangement, which has been approved annually by the Annual General Meeting since 2011, was most recently approved with respect to the executive remuneration policy in respect of the financial year 2020, at the Annual General Meeting of 23 June 2020.

This severance payment would be paid in the following circumstances:

- in the event of removal from office by the Board of Directors, irrespective of how their duties are terminated, including by dismissal, a request for them to resign or their non-reappointment (specifically excluding dismissal for gross misconduct); or
- in the event of a change in control or in the Company's strategy, instigated by the Board of Directors or the relevant corporate officer. A change in control is defined as any changes in the Company's ownership status arising from any merger, restructuring, disposal, takeover bid or exchange offer, subsequent to which a shareholder, be it a legal entity 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 it effective control thereof.

In addition, this benefit would be paid by the Board of Directors provided that the average bonus payment in respect of the previous two financial years prior to that in which the relevant corporate officer departs was equal to or over 75% of the target bonus payment (excluding any exceptional remuneration), with this amount being reduced proportionally should the average bonus payment received in the previous two financial years have stood at between 50% and 75% of the target bonus payment excluding any exceptional remuneration and with no benefit being paid below a level of 50%.

If Yves Le Masne and Jean-Claude Brdenk are entitled to claim a full basic pension within six months of the termination of their duties, this payment may not be made.

Unemployment insurance

Yves Le Masne and Jean-Claude Brdenk are covered by an unemployment insurance policy, with the corresponding premiums paid by the Company and its subsidiaries.

Remuneration of Yves Le Masne, Chief Executive Officer, in respect of the 2020 financial year

Fixed remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Yves Le Masne received a gross fixed annual remuneration of €712,500 (€27,102.03 in net monthly fixed remuneration after tax, calculated after applying the 25% reduction of the gross fixed remuneration in respect of Q2 2020, as mentioned above. Moreover, the sum of €47,500 was paid to the ORPEA Foundation.

Annual bonus payment

Based on the quantifiable and qualitative criteria laid down in the remuneration policy approved by the Annual General Meeting of 23 June 2020, pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, at its meeting on 22 April 2021 the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, set his gross annual bonus payment in respect of the financial year ended 31 December 2020 at €464,360, given the performance achieved in terms of said targets as detailed in the above table. The payment of this component of remuneration is subject to the approval of the Annual General Meeting to be held on 24 June 2021.

Long-term remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020, pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Yves Le Masne was allotted 15,403 bonus shares subject to the attainment of performance conditions (representing 0.024% of the Company's share capital), at an IFRS cost of €760,115.25 on 4 May 2020, in accordance with the terms and conditions set out above.

Remuneration in respect of the office of director

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code, and the allocation terms for the total remuneration allotted to directors, as referenced above, Yves Le Masne received €37,513.66 in respect of his duties as a director in 2020. Moreover, the sum of €2,486.37 was paid to the ORPEA Foundation.

Severance payments

No severance payment was made to Yves Le Masne in the financial year ended 31 December 2020.

Other remuneration and benefits

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Yves Le Masne receives:

- unemployment insurance, paid for by the Company and its subsidiaries, the premiums for which amounted to €65,529.64 in respect of the financial year ended 31 December 2020;
- a company car, representing a benefit in kind worth €3,546.48 in respect of the financial year ended 31 December 2020;
- group personal protection and healthcare cost reimbursement plans in force at the Company on the same basis as those applicable to the employee grade in which he has been classified.

He does not receive any other remuneration (including stock options) or benefit in kind (including any specific supplementary pension contributions).

Remuneration paid or awarded during or in respect of the 2020 financial year to Yves Le Masne, Chief Executive Officer, subject to shareholders' retrospective "say on pay" vote at the Annual General Meeting of 24 June 2021

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 24 June 2021 of the fixed, bonus and exceptional remuneration components of the total remuneration and benefits of any kind paid or awarded during or in respect of the financial year ended 31 December 2020 to Yves Le Masne, Chief Executive Officer (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, Chief Executive Officer, in respect of the 2020 financial year is consistent with the policy for his remuneration approved at the Annual General Meeting on 23 June 2020.

Components of remuneration	Amounts or accounting value	Comments
Annual fixed remuneration	€712,500	On 4 May 2020, based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to maintain Yves Le Masne's gross fixed remuneration in respect of the 2020 financial year as Chief Executive Officer at €760,000 (for the third consecutive year). Exceptionally, based on a proposal submitted by Yves Le Masne and the Appointments and Remuneration Committee, his gross fixed remuneration in respect of Q2 2020 was reduced by 25%. Accordingly, Yves Le Masne received a gross fixed remuneration of €712,500 for financial year 2020, and the sum of €47,500 was paid to the ORPEA Foundation.
Annual bonus payment[1]	€464,360	On 22 April 2021 the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, noted that, on 4 May 2020, it had deliberately not adjusted the quantifiable objectives to be met for payment of Yves Le Masne's annual bonus; due to the emerging health crisis, it considered that it did not have the necessary visibility at that date, and had reserved its discretionary power in light of the exceptional circumstances to assess the level of attainment of quantifiable objectives taking into consideration the impact of the Covid-19 pandemic. The Board of Directors exercised this discretionary power, and considered: • the revenue growth and organic revenue growth objectives to have been attained, since the Company was able to increase its total revenue and keep organic revenue stable, despite the exceptional circumstances; • there to be legitimate grounds to restate the debt related to the acquisitions of psychiatric hospitals SINOUE and CLINIPSY, acquired under especially advantageous terms for the Company, and hence to confirm the 100% attainment of the restated financial leverage objective. The quantifiable gearing objective has been 100% attained. However, the quantifiable objectives regarding growth in EBITDA, organic growth in EBITDA, improvement in the EBITDA margin, increase in free cash flow per share, and increase in consolidated net profit have not been attained. With respect to the qualitative objectives, namely the management chart[2] and the budgetary process, the Board of Directors considered that these objectives have been 100% attained. Accordingly, the Board of Directors of 22 April 2021 set the 2020 gross bonus payment for Yves Le Masne at €464,360 (representing 61.10% of the target bonus payment).
Exceptional remuneration	n/a	Yves Le Masne did not receive any exceptional remuneration.
Remuneration in respect of the office of director	€37,513.66	In accordance with the allocation terms for the total remuneration allotted to directors, Yves Le Masne received €37,513.66. Moreover, the sum of €2,486.37 was paid to the ORPEA Foundation.
Long-term remuneration	Allotment of 15,403 bonus shares (0.02% of the Company's share capital) IFRS cost on date of allotment: €760,115.25[3]	Requirement of continued presence at the Group 1st performance condition (stock market – 50% of the definitive allocation): the performance of ORPEA's share price with dividends included (TSR, total shareholder return) compared with the average performance of the MSCI Europe ex. UK index (made up of over 300 companies in Europe outside the UK) and the CAC 40 index, including dividends paid, during the 2020, 2021 and 2022 financial years: • 25% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) is equal to the average increase in both indices over the reference periods; • 60% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by 5 percentage points: – pro rata acquisition of between 25% and 60% of shares allocated if ORPEA's total shareholder return (increase in share price + dividends) falls between the average performance observed for both indices over the reference periods and 5 percentage points above this average performance; • 100% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by at least 10 percentage points: – pro rata acquisition of between 60% and 100% of the shares allocated if ORPEA's total shareholder return lies between 5 and 10 percentage points above the average increase in both indices over the reference periods;

Components of remuneration	Amounts or accounting value	Comments
Long-term remuneration (continued)	Allotment of 15,403 bonus shares (0.02% of the Company's share capital) IFRS cost on date of allotment: €760,115.25[3]	• reference periods: average of ORPEA's share price performance over the period from 1 January 2023 to 30 April 2023, plus the dividend paid in respect of the 2020, 2021 and 2022 financial years, compared with the same average over the period from 1 January 2020 to 30 April 2020, plus the dividend paid in respect of the 2019 financial year. 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 (TSR indices), during the 2020, 2021 and 2022 financial years. 2nd performance condition (internal – 40% of the definitive allocation): earnings per share: • 25% of shares allocated in respect of the second condition will vest if earnings per share increase by 25% between 31 December 2019 and 31 December 2022; • 60% of shares allocated in respect of the second condition will vest if earnings per share increase by 26% between 31 December 2019 and 31 December 2022: – pro rata acquisition of between 25% and 60% of shares allocated if earnings-per-share growth between 31 December 2019 and 31 December 2022 is between 25% and 26%; • 100% of shares allocated in respect of the second condition will vest if earnings per share increase by at least 27% between 31 December 2019 and 31 December 2022: – pro rata acquisition of between 60% and 100% of shares allocated if earnings-per-share growth between 31 December 2019 and 31 December 2022 is between 26% and 27%. • On 22 April 2021, the Board of Directors decided to propose a change to the 2020 remuneration policy applicable to Yves Le Masne in order to reserve the discretionary power to assess the level of attainment of this earnings-per-share objective taking into consideration the impact of the Covid-19 pandemic, keeping within the following thresholds: (i) this discretionary power may only be exercised by the Board of Directors if the earnings per share have grown by at least 10% between 31 December 2019 and 31 December 2022; (ii) should the Board of Directors decide to use this discretionary power, only 60% of the shares to be awarded under this condition may vest with Yves Le Masne. Accordingly, in the event that (i) the 8th resolution submitted for shareholders' approval were approved at the Annual General Meeting of 24 June 2021, (ii) the conditions governing the exercise of the aforementioned discretionary power were fulfilled on 23 June 2023, and (iii) the Board of Directors decides to exercise said power, the maximum number of shares that could be definitively allocated to Yves Le Masne in respect of this condition would represent 24% of the definitive allocation (instead of 40% of the definitive allocation when applying the internal performance condition under normal conditions). 3rd performance condition (ESG – 10% of the definitive allocation): employee satisfaction surveys: • an independent company will carry out a minimum of two employee satisfaction surveys before 30 April 2023, covering at least 90% of the Group's employees at a constant scope of consolidation and leading to an improvement in the rates of satisfaction; • at a constant scope of consolidation: Group facilities at 30 June 2020. Three-year vesting period No holding period 25% of the vested shares must be held until his term of office comes to an end He may not engage in hedging risks arising from performance shares

Components of remuneration	Amounts or accounting value	Comments
Sign-on or severance payments	No payment	In recognition of the major contribution made by Yves Le Masne, Chief Executive Officer, to the Group's development over many years, and given his past repudiation of his employment contract, the Board of Directors of 04 May 2020 approved the continuation of the severance payment arrangement should his duties as an executive officer come to an end, giving him the right to receive a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid in respect of the previous two financial years), in line with the Company's corporate interest and with market practices. This arrangement, which has been approved annually by the Annual General Meeting since 2011, was most recently approved with respect to the executive remuneration policy in respect of the financial year 2020, at the Annual General Meeting of 23 June 2020. This severance payment would be paid in the following circumstances: • in the event of removal from office by the Board of Directors, irrespective of how their duties are terminated, including by dismissal, a request for them to resign or their non-reappointment (specifically excluding dismissal for gross misconduct); or • in the event of a change in control or in the Company's strategy, instigated by the Board of Directors or the relevant corporate officer. A change in control is defined as any changes in the Company's ownership status arising from any merger, restructuring, disposal, takeover bid or exchange offer, subsequent to which a shareholder, be it a legal entity 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 it effective control thereof. In addition, this benefit would be paid by the Board of Directors provided that the average bonus payment in respect of the previous two financial years prior to that in which the relevant corporate officer departs was equal to or over 75% of the target bonus payment (excluding any exceptional remuneration), with this amount being reduced proportionally should the average bonus payment received in the previous two financial years have stood at between 50% and 75% of the target bonus payment excluding any exceptional remuneration and with no benefit being paid below a level of 50%. If Yves Le Masne is entitled to claim a full basic pension within six months of the termination of his duties, this payment may not be made.
Benefits of any kind	€69,076.12	Unemployment insurance, paid for by the Company, the premiums for which amounted to €65,529.64 in respect of the 2020 financial year. A company car, representing a benefit in kind worth €3,546.48 in respect of the 2020 financial year. Application of Group personal protection and healthcare cost reimbursement plans in force at the Company on the same basis as those applicable to the employee grade in which he has been classified.

(1) The payment of this component of remuneration is subject to the approval of the Annual General Meeting to be held on 24 June 2021.
(2) ESG criteria.
(3) IFRS cost at 23 June 2020: €847,806.48.

Remuneration of Jean-Claude Brdenk, Chief Operating Officer, in respect of the 2020 financial year

Fixed remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Jean-Claude Brdenk received gross annual fixed remuneration of €600,000 in respect of the financial year ended 31 December 2020. Moreover, the sum of €40,000 was paid to the ORPEA Foundation.

Jean-Claude Brdenk received his full annual fixed remuneration for financial year 2020; his duties as Chief Operating Officer came to an end on 31 December 2020.

Annual bonus payment

Based on the quantifiable and qualitative criteria laid down in the remuneration policy approved by the Annual General Meeting of 23 June 2020, pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, at its meeting on 22 April 2021 the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, set his gross annual bonus payment in respect of the financial year ended 31 December 2020 at €464,000, given the performance achieved in terms of said targets as detailed in the above table. The payment of this component of remuneration is subject to the approval of the Annual General Meeting to be held on 24 June 2021.

Long-term remuneration

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020, pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Jean-Claude Brdenk was allotted 12,971 bonus shares subject to the attainment of performance conditions (representing 0.020% of the Company's share capital), at an IFRS cost of €640,142.70, in accordance with the terms and conditions set out above.

On 2 November 2020, considering the length of service of Jean-Claude Brdenk, his contribution to the Group's development, the circumstances of his departure, and the non-compete, non-solicitation and non-disparagement commitments made to the Group when his duties came to an end, the Board of Directors decided to ask the Annual General Meeting planned for 24 June 2021 to waive the requirement of continued presence in the Group, provided for in particular in the bonus share allotment plan of 23 June 2020, by applying a pro rata method. Accordingly, subject to the approval of the aforementioned Annual General Meeting and to Jean-Claude Brdenk's compliance with his aforementioned non-compete, non-solicitation and non-disparagement commitments, Jean-Claude Brdenk may receive 4,324 bonus shares (instead of the 12,971 shares mentioned in the previous paragraph) subject to performance conditions (representing 0.007% of the Company's share capital), at an IFRS cost of €146,699.07 at 28 October 2020, according to the terms and conditions set out above.

Severance payments

In recognition of the major contribution made by the Chief Operating Officer to the Group's development over many years, and given his past repudiation of his employment contract, Jean-Claude Brdenk was awarded an arrangement giving him the right to receive a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid in respect of the previous two financial years), excluding any exceptional and/or long-term remuneration, should his duties as executive officer come to an end, as detailed in the above recap of the remuneration principles applying to executive officers. This arrangement, which has been approved annually by the Annual General Meeting since 2011, was most recently approved with respect to the remuneration policy applicable to Jean-Claude Brdenk in respect of the financial year 2020, at the Annual General Meeting of 23 June 2020.

At its meeting of 2 November 2020, the Board of Directors noted that the departure of Jean-Claude Brdenk was due to an operational change in the Group, and that the average bonus payment received by Jean-Claude Brdenk in respect of the two previous financial years was greater than 75% of the target bonus payment (excluding any exceptional remuneration), such that the conditions governing a settlement of the full severance payment were met.

The Board of Directors also noted that Jean-Claude Brdenk was not entitled to claim a full basic pension within six months of the termination of his duties.

As a result of this commitment and in compliance with these terms and conditions, a severance payment of €2,539,036.44 is payable to Jean-Claude Brdenk.

The payment of this component of remuneration is subject to the approval of the Annual General Meeting to be held on 24 June 2021.

Non-compete, non-solicitation and non-disparagement commitments

Jean-Claude Brdenk has made the following commitments to the Group, since his departure and until 23 June 2023: (i) a non-compete commitment subject to maintaining his bonus shares in the process of vesting at 31 December 2020, and (ii) a non-solicitation commitment and a mutual non-disparagement commitment, provided that the Board asks the shareholders to waive the requirement of continued presence in the Group set out in the 2018, 2019 and 2020 bonus share allotment plans.

Other remuneration and benefits

In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020 pursuant to Article L. 22-10-8 of the French Commercial Code and summarised above, Jean-Claude Brdenk received:

- unemployment insurance, paid for by the Company and its subsidiaries, the premiums for which amounted to €65,529.64 in respect of the financial year ended 31 December 2020;
- a company car, representing a benefit in kind worth €4,450.68 in respect of the financial year ended 31 December 2020;
- group personal protection and healthcare cost reimbursement plans in force at the Company on the same basis as those applicable to the employee grade in which he has been classified.

He did not receive any other remuneration (including any remuneration allotted to directors or stock options) or benefit in kind (including any specific supplementary pension contributions) for the financial year ended 31 December 2020.

Remuneration paid or awarded during or in respect of the 2020 financial year to Jean-Claude Brdenk, Chief Operating Officer, subject to shareholders' retrospective "say on pay" vote at the Annual General Meeting on 24 June 2021

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 24 June 2021 of the fixed, bonus and exceptional remuneration components of the total remuneration and benefits of any kind paid or awarded during or in respect of the financial year ended 31 December 2020 to Jean-Claude Brdenk, Chief Operating Officer (no exceptional remuneration).

Pursuant to Article L. 22-10-34 of the French Commercial Code, Jean-Claude Brdenk's annual bonus and severance payments are subject to the approval of his remuneration by said Annual General Meeting, it being reminded that the waiver of the requirement of continued presence in the Group (associated with long-term remuneration) is subject to the same Annual General Meeting adopting the amended remuneration policies for the Chief Operating Officer (see section 5.3.1 above).

The remuneration received by Jean-Claude Brdenk, Chief Operating Officer, in respect of financial year 2020 is consistent with the policy for his remuneration, approved at the Annual General Meeting on 23 June 2020, or, with respect to long-term remuneration, with those policies subject to the approval of the Annual General Meeting of 24 June 2021, if they are indeed approved.

Components of remuneration	Amounts or accounting value	Comments
Annual fixed remuneration	€600,000	On 4 May 2020, based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors decided to maintain Jean-Claude Brdenk's gross fixed remuneration in respect of the 2020 financial year as Chief Operating Officer at €640,000 (for the fourth consecutive year). Exceptionally, based on a proposal submitted by Jean-Claude Brdenk and the Appointments and Remuneration Committee, his gross fixed remuneration in respect of Q2 2020 was reduced by 25%. Accordingly, Jean-Claude Brdenk received a gross fixed remuneration of €600,000 for financial year 2020, and the sum of €40,000 was paid to the ORPEA Foundation.
Annual bonus payment[1]	€464,000	On 22 April 2021 the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, noted that, on 4 May 2020, it had deliberately not adjusted the quantifiable objectives to be met for payment of Jean-Claude Brdenk's annual bonus; due to the emerging health crisis, it considered that it did not have the necessary visibility at that date, and had reserved its discretionary power in light of the exceptional circumstances to assess the level of attainment of quantifiable objectives taking into consideration the impact of the Covid-19 pandemic. In exercising this discretionary power, the Board of Directors considered the revenue growth and organic revenue growth objectives to have been attained, since the Company was able to increase its total revenue and keep organic revenue stable, despite the exceptional circumstances. The quantifiable objectives regarding change in facility manager turnover[2], change in turnover among all employees[2], and internal promotions to managerial roles[2] have been 100% attained. However, the quantifiable objectives regarding growth in EBITDAR and organic growth in EBITDAR have not been attained. With respect to the qualitative objectives, the Board of Directors considered that the objective related to non-financial reporting, including crisis and post-crisis communication[2], have been 50% attained, whereas the objective related to Quality in the context of the Covid-19 pandemic[2] have been 100% attained. Accordingly, the Board of Directors of 22 April 2021 set the 2020 gross bonus payment for Jean-Claude Brdenk at €464,000 (representing 72.50% of the target bonus payment).
Exceptional remuneration	n/a	Jean-Claude Brdenk did not receive any exceptional remuneration.
Remuneration in respect of the office of director	n/a	Since Jean-Claude Brdenk is not a director, he does not receive remuneration in that respect.
Long-term remuneration	Allotment of 4,324 bonus shares (0.007% of the Company's share capital) IFRS cost at 30 October 2020: €146,699.07	Requirement of continued presence at the Group 1st performance condition (stock market – 50% of the definitive allocation): the performance of ORPEA's share price with dividends included (TSR, total shareholder return) compared with the average performance of the MSCI Europe ex. UK index (made up of over 300 companies in Europe outside the UK) and the CAC 40 index, including dividends paid, during the 2020, 2021 and 2022 financial years: • 25% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) is equal to the average increase in both indices over the reference periods; • 60% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by 5 percentage points: – pro rata acquisition of between 25% and 60% of shares allocated if ORPEA's total shareholder return (increase in share price + dividends) falls between the average performance observed for both indices over the reference periods and 5 percentage points above this average performance; • 100% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by at least 10 percentage points: – pro rata acquisition of between 60% and 100% of the shares allocated if ORPEA's total shareholder return lies between 5 and 10 percentage points above the average increase in both indices over the reference periods; • reference periods: average of ORPEA's share price performance over the period from 1 January 2023 to 30 April 2023, plus the dividend paid in respect of the 2020, 2021 and 2022 financial years, compared with the same average over the period from 1 January 2020 to 30 April 2020, plus the dividend paid in respect of the 2019 financial year. 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 (TSR indices), during the 2020, 2021 and 2022 financial years.

Components of remuneration	Amounts or accounting value	Comments
Long-term remuneration (continued)	Allotment of 4,324 bonus shares (0.007% of the Company's share capital) IFRS cost at 30 October 2020: €146,699.07	2nd performance condition (internal – 40% of the definitive allocation): earnings per share: • 25% of shares allocated in respect of the second condition will vest if earnings per share increase by 25% between 31 December 2019 and 31 December 2022; • 60% of shares allocated in respect of the second condition will vest if earnings per share increase by 26% between 31 December 2019 and 31 December 2022: – pro rata acquisition of between 25% and 60% of shares allocated if earnings-per-share growth between 31 December 2019 and 31 December 2022 is between 25% and 26%; • 100% of shares allocated in respect of the second condition will vest if earnings per share increase by at least 27% between 31 December 2019 and 31 December 2022: – pro rata acquisition of between 60% and 100% of shares allocated if earnings-per-share growth between 31 December 2019 and 31 December 2022 is between 26% and 27%. • On 22 April 2021, the Board of Directors decided to propose a change to the 2020 remuneration policy applicable to Jean-Claude Brdenk in order to reserve the discretionary power to assess the level of attainment of this earnings-per-share objective taking into consideration the impact of the Covid-19 pandemic, keeping within the following thresholds: (i) this discretionary power may only be exercised by the Board of Directors if the earnings per share have grown by at least 10% between 31 December 2019 and 31 December 2022; (ii) should the Board of Directors decide to use this discretionary power, only 60% of the shares to be awarded under this condition may vest with Jean-Claude Brdenk. Accordingly, in the event that (i) the 11th resolution submitted for shareholders' approval were approved at the Annual General Meeting of 24 June 2021, (ii) the conditions governing the exercise of the aforementioned discretionary power were fulfilled on 23 June 2023, and (iii) the Board of Directors decides to exercise said power, the maximum number of shares that could be definitively allocated to Jean-Claude Brdenk in respect of this condition would represent 24% of the definitive allocation (instead of 40% of the definitive allocation when applying the internal performance condition under normal conditions). 3rd performance condition (ESG – 10% of the definitive allocation): employee satisfaction surveys: • an independent company will carry out a minimum of two employee satisfaction surveys before 30 April 2023, covering at least 90% of the Group's employees at a constant scope of consolidation and leading to an improvement in the rates of satisfaction; • at a constant scope of consolidation: Group facilities at 30 June 2020. Three-year vesting period No holding period 25% of the vested shares must be held until his term of office comes to an end He may not engage in hedging risks arising from performance shares In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020, Jean-Claude Brdenk was allotted 12,971 bonus shares subject to performance conditions. On 2 November 2020, considering the length of service of Jean-Claude Brdenk, his contribution to the Group's development, the circumstances of his departure, and the non-compete, non-solicitation and non-disparagement commitments made to the Group when his duties came to an end, the Board of Directors decided to ask the Annual General Meeting planned for 24 June 2021 to waive the requirement of continued presence in the Group, provided for in particular in the bonus share allotment plan of 23 June 2020, using a pro rata method. Accordingly, subject to the approval of the aforementioned Annual General Meeting and to Jean-Claude Brdenk's compliance with his aforementioned non-compete, non-solicitation and non-disparagement commitments, Jean-Claude Brdenk may receive, in respect of this plan, 4,324 bonus shares (instead of the 12,971 shares mentioned in the previous paragraph) subject to performance conditions (representing 0.007% of the Company's share capital).

Components of remuneration	Amounts or accounting value	Comments
Sign-on or severance payments(1)	€2,539,036.44	In recognition of the major contribution made by Jean-Claude Brdenk, Chief Operating Officer, to the Group's development over many years, and given his past repudiation of his employment contract, the Board of Directors of 4 May 2020 approved the continuation of the severance payment arrangement should his duties as an executive officer come to an end, giving him the right to receive a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid in respect of the previous two financial years), in line with the Company's corporate interest and with market practices. This arrangement, which has been approved annually by the Annual General Meeting since 2011, was most recently approved with respect to the executive remuneration policy in respect of the financial year 2020, at the Annual General Meeting of 23 June 2020. This severance payment would be paid in the following circumstances: • in the event of removal from office by the Board of Directors, irrespective of how their duties are terminated, including by dismissal, a request for them to resign or their non-reappointment (specifically excluding dismissal for gross misconduct); or • in the event of a change in control or in the Company's strategy, instigated by the Board of Directors or the relevant corporate officer. A change in control is defined as any changes in the Company's ownership status arising from any merger, restructuring, disposal, takeover bid or exchange offer, subsequent to which a shareholder, be it a legal entity 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 it effective control thereof. In addition, this benefit would be paid by the Board of Directors provided that the average bonus payment in respect of the previous two financial years prior to that in which the relevant corporate officer departs was equal to or over 75% of the target bonus payment (excluding any exceptional remuneration), with this amount being reduced proportionally should the average bonus payment received in the previous two financial years have stood at between 50% and 75% of the target bonus payment excluding any exceptional remuneration and with no benefit being paid below a level of 50%. At its meeting of 2 November 2020, the Board of Directors noted that the departure of Jean-Claude Brdenk was due to an operational change in the Group, and that the average bonus payment received by Jean-Claude Brdenk in respect of the two previous financial years was greater than 75% of the target bonus payment (excluding any exceptional remuneration), such that the conditions governing a settlement of the full severance payment were met. The Board of Directors also noted that Jean-Claude Brdenk was not entitled to claim a full basic pension within six months of the termination of his duties. As a result of this commitment and in compliance with these terms and conditions, a severance payment of €2,539,036.44 is payable to Jean-Claude Brdenk.
Benefits of any kind	€69,980.32	Unemployment insurance, paid for by the Company, the premiums for which amounted to €64,554.74 in respect of the 2020 financial year. A company car, representing a benefit in kind worth €4,450.68 in respect of the 2020 financial year. Application of Group personal protection and healthcare cost reimbursement plans in force at the Company on the same basis as those applicable to the employee grade in which he has been classified.

(1) The payment of this component of remuneration is subject to the approval of the Annual General Meeting to be held on 24 June 2021.
(2) ESG criteria.

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, for performance shares, awarded (with their valuation corresponding to their IFRS cost at the allocation date) during the financial year. The Company also presents the ratios compared with the total net remuneration after tax and compared with the net fixed remuneration after tax.

The population included in the calculation of these ratios comprises employees at ORPEA and its French subsidiaries (excluding the Homecare business activity) with permanent contracts that fall within the scope of consolidation of continuous presence over 24 months (the "**Employees**").

Ratios between the annual remuneration of the Chairman of the Board of Directors, Chief Executive Officer and Chief Operating Officer, and the average and median remuneration of Employees

	FY 2020			FY 2019			FY 2018			FY 2017			FY 2016		
Ratios	Net fixed remuneration after tax	Total net remuneration after tax	Total gross remuneration	Net fixed remuneration after tax	Total net remuneration after tax	Total gross remuneration	Net fixed remuneration after tax	Total net remuneration after tax	Total gross remuneration	Net fixed remuneration after tax	Total net remuneration after tax	Total gross remuneration	Net fixed remuneration after tax	Total net remuneration after tax	Total gross remuneration
CHAIRMAN OF THE BOARD OF DIRECTORS(1)															
Ratio with the average remuneration of Employees	5	5	8	6	6	9	6	9	9	6	9	9	12	17	19
Ratio with the median remuneration of Employees	7	7	12	8	8	13	6	9	13	6	9	14	12	17	27
CHIEF EXECUTIVE OFFICER															
Ratio with the average remuneration of Employees	14	50	53	15	56	74	15	22	72	15	21	63	15	21	66
Ratio with the median remuneration of Employees	20	73	97	22	80	109	53	77	104	49	69	91	51	72	94
CHIEF OPERATING OFFICER															
Ratio with the average remuneration of Employees	12	25	36	13	47	61	13	45	60	14	43	55	14	48	60
Ratio with the median remuneration of Employees	17	37	56	19	67	91	19	65	88	19	60	80	19	67	87

(1) On 28 March 2017, following the resignation of Jean-Claude Marian from his duties as director and Chairman of the Board of Directors, the Board of Directors co-opted Philippe Charrier as director and appointed him 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.

Change in the annual remuneration of the Chairman, Chief Executive Officer and Chief Operating Officer and the average and median remuneration of Employees compared with the performance of the ORPEA Group

	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
Change in Group revenue	5%	9%	9%	10%	19%
Change in Group EBITDA	-2%	8%	10%	15%	18%
Change in the remuneration of the Chairman of the Board of Directors(1)	-5%	4%	139%	-49%	0%
Change in the remuneration of the Chief Executive Officer	-8%	7%	15%	-2%	64%
Change in the remuneration of the Chief Operating Officer	-37%	5%	11%	-8%	86%
Change in the average remuneration of Employees	7%	4%	1%	2%	2%
Change in the median remuneration of Employees	3%	2%	1%	0%	1%

(1) On 28 March 2017, following the resignation of Jean-Claude Marian from his duties as director and Chairman of the Board of Directors, the Board of Directors co-opted Philippe Charrier as director and appointed him 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.

5.3.3 SUMMARY TABLE OF THE REMUNERATION AND BENEFITS IN KIND AWARDED TO EXECUTIVE OFFICERS IN RESPECT OF THE 2020 FINANCIAL YEAR

TABLE SUMMARISING THE REMUNERATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE OFFICER (TABLE 1 – AFEP-MEDEF CODE)

	FY 2020	FY 2019
PHILIPPE CHARRIER, CHAIRMAN OF THE BOARD OF DIRECTORS		
Remuneration payable in respect of the financial year (detailed in Table 2)	€281,263.66	€300,000.00
Valuation of the stock options awarded during the financial year	-	-
Valuation of the performance shares awarded during the financial year	-	-
TOTAL	**€281,263.66**	**€300,000.00**
YVES LE MASNE, CHIEF EXECUTIVE OFFICER		
Remuneration payable in respect of the financial year (detailed in Table 2)	€1,217,920.14	€1,517,946.48
Valuation of the stock options awarded during the financial year	-	-
Valuation of the performance shares awarded during the financial year	€760,115.25	€760,013.60
TOTAL	**€1,978,035.39**	**€2,277,960.08**
JEAN-CLAUDE BRDENK, CHIEF OPERATING OFFICER (UNTIL 31 DECEMBER 2020)		
Remuneration payable in respect of the financial year (detailed in Table 2)	€1,068,450.68	€1,171,042.68
Valuation of the stock options awarded during the financial year	-	-
Valuation of the performance shares awarded during the financial year	€146,699.07	€640,013.08
TOTAL	**€1,215,149.75**	**€1,811,055.76**

TABLE SUMMARISING THE REMUNERATION OF EACH EXECUTIVE OFFICER (TABLE 2 – AFEP-MEDEF CODE)

	FY 2020		FY 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
PHILIPPE CHARRIER, CHAIRMAN OF THE BOARD OF DIRECTORS				
Fixed remuneration	€243,750.00	€243,750.00	€260,000.00	€260,000.00
Annual bonus payment	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration in respect of the office of director	€37,513.66	€40,000.00	€40,000.00	-
Benefits in kind	-	-	-	-
TOTAL	**€281,263.66**	**€283,750.00**	**€300,000.00**	**€260,000.00**
YVES LE MASNE, CHIEF EXECUTIVE OFFICER				
Fixed remuneration	€712,500.00	€712,500.00	€760,000.00	€760,000.00
Annual bonus payment	€464,360.00	€714,400.00	€714,400.00	€869,777.78
Exceptional remuneration	-	-	-	-
Remuneration in respect of the office of director	€37,513.66	€40,000.00	€40,000.00	-
Benefits in kind	€3,546.48	€3,546.48	€3,546.48	€3,546.48
TOTAL	**€1,217,920.14**	**€1,470,446.48**	**€1,517,946.48**	**€1,633,324.26**
JEAN-CLAUDE BRDENK, CHIEF OPERATING OFFICER (UNTIL 31 DECEMBER 2020)				
Fixed remuneration	€600,000.00	€600,000.00	€640,000.00	€640,000.00
Annual bonus payment	€464,000.00	€526,592.00	€526,592.00	€732,444.44
Exceptional remuneration	-	-	-	-
Remuneration in respect of the office of director	-	-	-	-
Benefits in kind	€4,450.68	€4,450.68	€4,450.68	€4,450.68
TOTAL	**€1,068,450.68**	**€1,131,042.68**	**€1,171,042.68**	**€1,376,895.12**

TABLE ON THE DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS (TABLE 3 – AFEP-MEDEF CODE)

	Remuneration paid in respect of the 2020 financial year		Remuneration paid in respect of the 2019 financial year	
Name (position)	**Amount awarded[1]**	**Amounts paid[2]**	**Amount awarded[2]**	**Amounts paid[3]**
Philippe Charrier (director and Chairman of the Board of Directors)	€37,513.66	€40,000.00	€40,000.00	-
Yves Le Masne (director and Chief Executive Officer)	€37,513.66	€40,000.00	€40,000.00	-
Laure Baume (director)	€44,263.66	€38,000.00	€38,000.00	-
Corine de Bilbao (director)[4]	€20,455.47	-	N/A	N/A
Xavier Coirbay (director)[5]	€54,986.34	€49,000.00	€49,000.00	€41,561.64
Bernadette Danet-Chevallier (director)	€57,156.25	€49,000.00	€49,000.00	-
Jean-Patrick Fortlacroix (director)	€60,013.66	€58,000.00	€58,000.00	-
Christian Hensley[6] (director)	N/A	€12,205.48	€12,205.48	€44,561.64
Moritz Krautkrämer[7] (director)	€37,513.66	€30,794.52	€30,794.52	-
Brigitte Lantz[8] (director)	€19,016.39	€40,000.00	€40,000.00	-
Olivier Lecomte[9] (director)	€1,844.26	-	N/A	N/A
Peugeot Invest Assets[10], represented by Thierry de Poncheville (director)	€93,763.66	€67,000.00	€67,000.00	-
Pascale Richetta[4] (director)	€20,455.47	-	N/A	N/A
Joy Verlé (director)	€71,263.66	€55,000.00	€55,000.00	€44,561.64
Sophie Kalaidjian (director representing employees)	€25,875.00	€13,500.00	€13,500.00	-
Laurent Serris[11] (director representing employees)	-	-	N/A	N/A
TOTAL	**€581,634.80**	**€492,500.00**	**€492,500.00**	**€130,684.92**

(1) The remuneration of directors in respect of the 2020 financial year was paid in 2021. The amounts indicated factor in the exceptional 25% reduction of the remuneration to be paid to each director for their participation in meetings of the Board of Directors and, where applicable, meetings of the Board Committees held during Q2 2020; this reduction shall not, however, be applied to the remuneration of Brigitte Lantz. Accordingly, the amount of €38,947.16 was paid to the ORPEA Foundation.
(2) The remuneration of directors in respect of the 2019 financial year was paid in 2020.
(3) The remuneration of certain directors in respect of the 2018 financial year was paid in 2019.
(4) Director since 23 June 2020.
(5) Director until 16 November 2020.
(6) Director until 26 March 2019.
(7) Director since 26 March 2019.
(8) Director until 23 June 2020.
(9) Director since 16 November 2020. The Board of Directors did not meet after the co-option of Olivier Lecomte as director.
(10) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.
(11) Director since 15 December 2020. The Board of Directors did not meet after the appointment of Laurent Serris as director representing employees.

Corporate officers with no executive responsibilities did not receive any remuneration or benefits of any kind other than the remuneration awarded for their term of office as a director.

Since no share subscription or purchase options were awarded during the financial year ended 31 December 2020 to executive officers, Table 4 – AFEP-MEDEF code is not shown here.

Since no share subscription or purchase options were exercised during the financial year ended 31 December 2020 by the executive officers, Table 5 – AFEP-MEDEF code is not shown here.

TABLE SUMMARISING THE PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE OFFICER (TABLE 6 – AFEP-MEDEF CODE)

	Number of shares awarded during the financial year	Valuation of the shares according to the method used for consolidated financial statements	Vesting date	Availability date	Performance conditions
PLAN NO. 12 – 23 JUNE 2021					
Yves Le Masne, Chief Executive Officer	15,403	€760,115.25[1]	23 June 2023	23 June 2023	1st performance condition (stock market – 50% of the allocation): Performance of ORPEA's share price with dividends included (TSR, total shareholder return) compared with the average performance of the MSCI Europe ex. UK index (made up of over 300 companies in Europe outside the UK) and the CAC 40 index, including dividends paid, during the 2018, 2019 and 2020 financial years 2nd performance condition (internal – 40% of the allocation[4]): Earnings-per-share growth 3rd performance condition (ESG – 10% of the allocation): Employee satisfaction survey
Jean-Claude Brdenk, Chief Operating Officer (until 31 December 2020)	4,324[2]	€146,699.07[3]	23 June 2023	23 June 2023	

(1) IFRS cost on date of allotment.

(2) In accordance with the remuneration policy approved by the Annual General Meeting of 23 June 2020, Jean-Claude Brdenk was allotted 12,971 bonus shares subject to performance conditions.
On 2 November 2020, considering the length of service of Jean-Claude Brdenk, his contribution to the Group's development, the circumstances of his departure, and the non-compete, non-solicitation and non-disparagement commitments made to the Group when his duties came to an end, the Board of Directors decided to ask the Annual General Meeting planned for 24 June 2021 to waive the requirement of continued presence in the Group, provided for in particular in the bonus share allotment plan of 23 June 2020, using a pro rata method. Accordingly, subject to the approval of the aforementioned Annual General Meeting and to Jean-Claude Brdenk's compliance with his aforementioned non-compete, non-solicitation and non-disparagement commitments, Jean-Claude Brdenk may receive 4,324 bonus shares (instead of the 12,971 shares mentioned in the previous paragraph) subject to performance conditions (representing 0.007% of the Company's share capital).

(3) IFRS cost at 30 October 2020.

(4) On 22 April 2021, the Board of Directors decided to propose a change to the 2020 remuneration policy applicable to executive officers in order to reserve the discretionary power to assess the level of attainment of this earnings-per-share objective taking into consideration the impact of the Covid-19 pandemic, within the following limits: (i) this discretionary power may only be used by the Board of Directors if the earnings per share have grown by at least 10% between 31 December 2019 and 31 December 2022; (ii) should the Board of Directors decide to use this discretionary power, only 60% of the shares that may be awarded under this condition could vest for executive officers.
Accordingly, in the event that (i) the 8th and 11th resolutions submitted for shareholders' approval were approved at the Annual General Meeting of 24 June 2021, (ii) the conditions governing the exercise of the aforementioned discretionary power were fulfilled on 23 June 2023, and (iii) the Board of Directors decides to exercise said power, the maximum number of shares that could be definitively allocated to executive officers in respect of this condition would represent 24% of the definitive allocation.

Since no performance share allotment plan became available during the financial year ended 31 December 2020, Table 7 – AFEP-MEDEF code is not shown here.

Since no share subscription or purchase option plans were implemented recently, Table 8 – AFEP-MEDEF code is not shown here.

TABLE SUMMARISING THE HISTORY OF PERFORMANCE SHARE ALLOTMENTS (TABLE 9 – AFEP-MEDEF CODE)

Information about performance shares	Plan No. 1	Plan No. 3	Plan No. 6	Plan No. 9	Plan No. 12
Date of Annual General Meeting	06/11/2015	23/06/2016	28/06/2018	28/06/2018	23/06/2020
Date of Board of Directors' meeting	10/02/2016	04/05/2017	28/06/2018	27/06/2019	23/06/2020
Maximum total number of bonus shares that may be allotted	82,250	29,514	44,701	45,279	28,374
o/w number of bonus shares that may be allotted to Yves Le Masne, Chief Executive Officer	*13,000*	*15,625*	*24,266*	*24,580*	*15,403*
o/w number of bonus shares that may be allotted to Jean-Claude Brdenk, Chief Operating Officer (until 31 December 2020)	*13,000*	*13,889*	*20,435*	*20,699*	*12,971*
Vesting date of the shares	10/04/2017	04/05/2019	28/06/2021	27/06/2022	23/06/2023
End date of holding period	10/04/2019	04/05/2021	28/06/2021	27/06/2022	23/06/2023
Performance conditions	Revenue and EBITDA[1]	Change in ORPEA's total shareholder return (TSR)[2]	Change in ORPEA's total shareholder return (TSR)[3]	Change in ORPEA's total shareholder return (TSR)[4]	Performance of ORPEA's share price with dividends included, net earnings per share, and employee satisfaction survey[5]
Number of shares vested at 31 December 2020	82,250	29,514	n/a	n/a	n/a
Total number of shares cancelled or voided	0	0	0	6,900[6]	8,647[6]
Bonus shares allotted not yet vested at 31 December 2020	0	0	44,701	38,379	19,727

(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 this Universal Registration Document (page 198).
(6) The shares that were cancelled or voided in respect of plans No. 9 and 12 correspond to the bonus shares that had been allocated to Jean-Claude Brdenk, Chief Operating Officer until 31 December 2020, on 27 June 2019 and 23 June 2020, respectively, which may no longer be allocated to him on account of the application of a pro rata method related to the end of his term of office, as detailed in section 5.3.1 above.

Since no executive officer has been granted multi-year bonus payments, Table 10 – AFEP-MEDEF code is not shown here.

SUMMARY OF THE STATUS OF EXECUTIVE OFFICERS IN RESPECT OF THE 2020 FINANCIAL YEAR (TABLE 11 – AFEP-MEDEF CODE)

	Employment contract		Supplementary pension scheme		Payments or benefits due or likely to become due as a result of termination or change of position		Payments under a non-compete clause	
Executive officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Philippe Charrier *Chairman of the Board of Directors* Date appointed: 28 March 2017 End date of term of office: AG 2023		x		x		x		x
Yves Le Masne *Chief Executive Officer* Date appointed: 15 February 2011 End date of term of office: First BD following 2025 AGM		x		x	x			x
Jean-Claude Brdenk *Chief Operating Officer* Date appointed: 15 February 2011 End date of term of office: 31 December 2020		x		x	x			x

5.3.4 REMUNERATION POLICY IN RESPECT OF THE 2021 FINANCIAL YEAR FOR CORPORATE OFFICERS SUBJECT TO SHAREHOLDERS' FORWARD-LOOKING "SAY ON PAY" VOTE AT THE ANNUAL GENERAL MEETING ON 24 JUNE 2021

In this report prepared in accordance with Article L. 22-10-8 of the French Commercial Code, the Board of Directors presents the remuneration policy for corporate officers in respect of the 2021 financial year.

Shareholders at the Annual General Meeting scheduled for 24 June 2021 are requested to approve said policy based on this report. To this end, three resolutions are being submitted for shareholders' approval in respect of the members of the Board of Directors, the Chairman of the Board of Directors, and the Chief Executive Officer.

In accordance with these recommendations and based on a proposal submitted by the Appointments and Remuneration Committee, the Board of Directors ensures that the remuneration policy for corporate officers complies with the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality, and also reflects 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.

SUMMARY OF THE REMUNERATION POLICY FOR CORPORATE OFFICERS IN RESPECT OF THE 2021 FINANCIAL YEAR

The remuneration awarded to members of the Board of Directors reflects directors' record of attendance at meetings of the Board of Directors and the Board Committees and thus includes a variable attendance-based component, which outweighs the fixed component. The amount of this remuneration is tailored to the level of responsibility of each director and the time required to perform their duties.

The Chairman of the Board of Directors receives only fixed remuneration. However, the remuneration package of the Chief Executive Officer consists of a fixed salary, bonus payment and a long-term incentive plan linked to the Company's share capital (in the form of bonus shares). In accordance with the recommendations of the AFEP-MEDEF Code, the fixed remuneration of executive officers is reviewed over relatively long intervals of time and in keeping with market practices for similar positions.

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 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 over relatively long intervals of time; • the short-term bonus component is capped according to the fixed component and each indicator of this component corresponds to a capped bonus; • the long-term bonus component is capped in value (IFRS 2) at the time of its award.
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 complies with the corporate interest.	Its amount is measured taking into account the size and complexity of the Group. Performance criteria selected by the Board of Directors ensure that it is in the interest of Executive Management to take short-, medium- and long-term targets into account.
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 its geographic exposure is diversified and if the Group 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.	The structure of the remuneration of the Company's main executives comprises, as for the remuneration of the Chief Executive Officer, an annual fixed component, annual bonus payments, and a long-term incentive plan linked to the Company's share capital.

REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS IN RESPECT OF THE 2021 FINANCIAL YEAR

Remuneration principles

On 22 April 2021, the Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, decided to ask at the Annual General Meeting of 24 June 2021 to renew the total annual remuneration of €650,000 allocated to directors (for the second consecutive year) and the terms and conditions for its allocation (for the fourth consecutive year), namely:

- for their attendance at meetings of the Board of Directors (in the case of directors who do not represent employees): they receive a flat-rate award not exceeding €40,000, consisting of a fixed sum of €15,000 and a variable portion of €25,000, from which €2,500 is subtracted per meeting missed, starting from the second meeting missed;
- for attendance at meetings of the Board Committees (in the case of directors who do not represent employees): they receive a fixed sum of €3,000 per meeting, or double this amount for the Committee chairmen;
- in the case of directors representing employees: a sum of €1,500 per meeting of the Board of Directors and, where applicable, the Board Committees.

Draft (16th) resolution submitted for shareholders' approval

Approval of the remuneration policy for members of the Board of Directors in respect of the 2021 financial year

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code, the remuneration policy for the members of the Board of Directors in respect of the 2021 financial year, as presented in the corporate governance report in section 5.3.4 of the 2020 Universal Registration Document.

REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS IN RESPECT OF THE 2021 FINANCIAL YEAR

Fixed remuneration

On 22 April 2021, the Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee and to reflect his experience and the nature of the duties entrusted to him (as presented in section 5.1.2 above), decided to maintain the gross fixed remuneration in respect of the financial year ending 31 December 2021 of the Chairman of the Board of Directors, Philippe Charrier, at €260,000 (for the fourth consecutive year).

Remuneration in respect of the office of director

The Chairman of the Board of Directors, Philippe Charrier, receives remuneration in respect of his duties as a director, which is calculated as set out above (in the section "Remuneration policy for members of the Board of Directors in respect of the 2021 financial year").

Annual bonus payment and other remuneration

The Chairman of the Board of Directors, Philippe Charrier, does not receive an annual bonus or exceptional payment. He does not receive any other remuneration (neither stock options, nor performance shares, in particular) or benefit in kind.

Draft (17th) resolution submitted for shareholders' approval

Approval of the remuneration policy of the Chairman of the Board of Directors, in respect of the 2021 financia year

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code, the remuneration policy for the Chairman of the Board of Directors in respect of the 2021 financial year, as presented in the corporate governance report in section 5.3.4 of the 2020 Universal Registration Document.

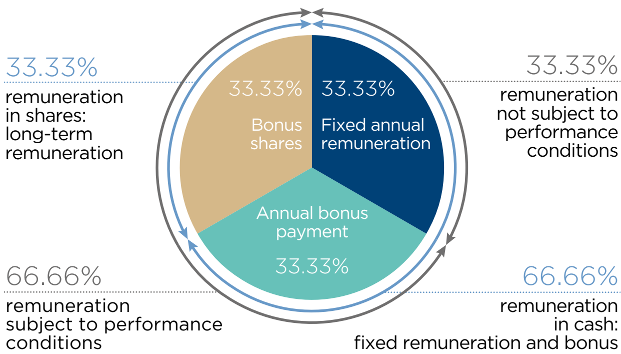
REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER IN RESPECT OF THE 2021 FINANCIAL YEAR

Key principles

On 22 April 2021, the Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, decided to maintain (for the fifth consecutive year) the structure of the remuneration of the Chief Executive Officer, Yves Le Masne, as follows for the financial year ending 31 December 2021:

- a fixed annual 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.

■ Graphic illustration of the balance between the various components of the annual remuneration of the Chief Executive Officer, Yves le Masne



Based on this proposal, the remuneration package for the financial year ending 31 December 2021 awarded to the Chief Executive Officer, Yves Le Masne, is comprised of the following components:

- annual fixed remuneration: €760,000 (€28,905.33 in net monthly fixed remuneration after tax) (unchanged for the fourth consecutive year);
- annual bonus payment: a target bonus of 100% of 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 bonus share allotment subject to performance conditions or a similar plan, capped at an upper limit of 100% of the annual fixed remuneration, based on IFRS measurements, as calculated by an independent firm.

In addition, the Chief Executive Officer, Yves Le Masne, will receive the following benefits in kind:

- a company car;
- application of group personal protection and healthcare cost reimbursement plans in force at the Company on the same basis as those applicable to the employee grade in which they have been classified.

The Chief Executive Officer, Yves Le Masne, also receives remuneration in respect of his duties as a director, which is calculated as set out above (in the section "Remuneration policy for members of the Board of Directors in respect of the 2021 financial year").

Lastly, the Chief Executive Officer, Yves Le Masne, has the right to severance pay.

The annual bonus payments and any exceptional remuneration awarded in respect of the financial year ending on 31 December 2021 to the Chief Executive Officer may only be paid after their approval by shareholders at the Annual General Meeting due to be held in 2022, as provided for in Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code.

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% (unchanged for the fourth consecutive year) of the total annual bonus payment; and
- a component linked to the attainment of qualitative objectives, representing a target proportion of 30% (unchanged for the fourth consecutive year) of the total annual bonus payment.

The Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, and in order to comply with the best market practices set out in the Study, decided to reduce the number of quantifiable objectives used to calculate the bonus payment of the Chief Executive Officer, which will now total four (versus nine in the previous year).

The below table sets out the performance objectives for the Chief Executive Officer, Yves Le Masne. It is noted that the target quantifiable and outperformance objectives were determined in full, but have not been disclosed for confidentiality reasons (most of them will be disclosed at the time of assessing their level of attainment), and that the Board of Directors reserves the right, in view of the exceptional circumstances, to assess their level of attainment while taking into account the impact of the Covid-19 pandemic.

	Target bonus		Bonus in the event of outperformance	
	Target *(as a %)*	Target *(in euros)*	Outperformance *(as a %)*	Outperformance *(in euros)*
QUANTIFIABLE OBJECTIVES (AGGREGATES EXCLUDING IFRS 16) (70%)				
Revenue growth(1)	17.50%	€133,000	16.67%	€126,667
Organic growth in revenue(1)	17.50%	€133,000	16.67%	€126,667
Growth in EBITDA	17.50%	€133,000	16.67%	€126,667
Gearing	17.50%	€133,000		
QUALITATIVE OBJECTIVES (30%)				
Strategic review of the Company at the end of the crisis	10.00%	€76,000		
Succession planning and organisation to support the Company's growth	10.00%	€76,000		
Definition of an environmental strategy(2)	10.00%	€76,000		
TOTAL	**100.00%**	**€760,000**	**50.00%**	**€380,000.00**
				TOTAL
				€1,140,000.00

(1) Revenue excluding government subsidies (other income).
(2) ESG criterion.

Bonus share allotment plan

On 22 April 2021, the Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, decided to grant to the Chief Executive Officer, Yves Le Masne, a long-term incentive plan covering a period of three years in the form of a bonus share allotment subject to performance conditions, capped at an upper limit of 100% of fixed remuneration, based on IFRS measurements, as calculated by an independent firm.

The Board of Directors, based on a proposal submitted by the Appointments and Remuneration Committee, decided to maintain the performance conditions set out in the previous bonus share allotment plan, except for (i) the introduction of constrained discretion to waive the requirement of continued presence in the event of departure, (ii) the weighting of stock market and ESG performance conditions (set at 45% and 15% respectively, versus 50% and 10% respectively in the previous year), and (iii) the ESG performance condition (five goals of the 2023 CSR roadmap, compared with employee satisfaction surveys – initially planned for every second year).

The features of this plan are as follows:

- amount equal to fixed salary, based on the IFRS measurement of shares as calculated by an independent firm, with a reference date of 22 April 2021, the date of the Board of Directors' meeting;
- requirement of continued presence at the Group, which may be waived by the Board of Directors provided that reasons are given and that provision is made, where appropriate, for a reduction in the maximum number of acquisitions that may be definitively allocated on a *pro rata basis*;
- performance conditions:
  - 1st performance condition (stock market – 45% – versus 50% in the previous year – of the definitive allocation): the performance of ORPEA's share price with dividends included (TSR, total shareholder return) compared with the average performance of the MSCI Europe ex. UK index (made up of over 300 companies in Europe outside the UK) and the CAC 40 index, including dividends paid, during the 2021, 2022 and 2023 financial years:
    - 25% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) is equal to the average increase in both indices over the reference periods,
    - 60% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by 5 percentage points:
      - pro rata acquisition of between 25% and 60% of shares allocated if ORPEA's total shareholder return (increase in share price + dividends) falls between the average performance observed for both indices over the reference periods and 5 percentage points above said average performance,
    - 100% of shares allocated in respect of the first condition will vest if ORPEA's total shareholder return (increase in share price + dividends) exceeds the average increase in both indices over the reference periods by at least 10 percentage points:
      - pro rata acquisition of between 60% and 100% of the shares allocated if ORPEA's total shareholder return lies between 5 and 10 percentage points above the average increase in 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 in respect of the 2021, 2022 and 2023 financial years, compared with the same average over the period from 1 January 2021 to 30 April 2021, plus the dividend paid in respect of the 2020 financial year. 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 (TSR indices), during the 2021, 2022 and 2023 financial years,
  - 2nd performance condition (internal – 40% of the definitive allocation, as in the previous year): earnings per share:
    - 25% of shares allocated in respect of the second condition will vest if earnings per share increase by 25% between 31 December 2020 and 31 December 2023,
    - 60% of shares allocated in respect of the second condition will vest if earnings per share increase by 26% between 31 December 2020 and 31 December 2023:
      - pro rata acquisition of between 25% and 60% of shares allocated if earnings-per-share growth between 31 December 2020 and 31 December 2023 is between 25% and 26%,
    - 100% of shares allocated in respect of the second condition will vest if earnings per share increase by at least 27% between 31 December 2020 and 31 December 2023:
      - pro rata acquisition of between 60% and 100% of shares allocated if earnings-per-share growth between 31 December 2020 and 31 December 2023 is between 26% and 27%,
  - 3rd performance condition (ESG – 15%, versus 10% in the previous year – of the definitive allocation): five goals of the 2023 CSR roadmap, each weighing 3% in the definitive allocation (versus employee satisfaction surveys in the previous year):
    - 100% of the facilities are certified by an external body,
    - 15% reduction in workplace accidents,
    - 50% of internal promotion to regional manager, manager and head nurse positions,
    - 100% of main and regular suppliers signed the responsible purchasing charter,
    - 100% of new construction projects have received HQE accreditation (or equivalent),
- three-year vesting period;
- 25% of the vested shares must be held until the term of office comes to an end;
- signature of a letter of commitment not to engage in hedging risks arising from performance shares until the end of the holding period for the shares, as stipulated by the Board of Directors, in addition to the commitment stated in the regulations of the plan.

Periods during which the shares may not be sold are specified in the regulations of the plan.

Severance pay

In recognition of the major contribution made by the Chief Executive Officer, Yves Le Masne, to the Group's development over many years, and given his past repudiation of his employment contract, the Board of Directors of 22 April 2021 approved the continuation of the severance payment arrangement should his duties as an executive officer come to an end, giving him the right to receive a severance payment corresponding to 24 months' gross fixed remuneration and annual bonus (multiple of a monthly average of the remuneration due and paid in respect of the previous two financial years), in line with the Company's corporate interest and with market practices. This arrangement, which has been approved annually by the Annual General Meeting since 2011, was most recently approved with respect to the remuneration policy for the Chief Executive Officer, Yves Le Masne, in respect of the financial year 2020, at the Annual General Meeting of 23 June 2020.

This severance payment would be paid in the following circumstances:

- in the event of removal from office by the Board of Directors, irrespective of how their duties are terminated, including by dismissal, a request for them to resign or their non-reappointment (specifically excluding dismissal for gross misconduct); or
- in the event of a change in control or in the Company's strategy, 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 any merger, restructuring, disposal, takeover bid or exchange offer, subsequent to which a shareholder, be it a legal entity 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 it effective control thereof.

In addition, this benefit would be paid by the Board of Directors provided that the average bonus payment in respect of the previous two financial years prior to that in which the Chief Executive Officer departs was equal to or over 75% of the target bonus payment (excluding any exceptional remuneration), with this amount being reduced proportionally should the average bonus payment received in the previous two financial years have stood at between 50% and 75% of the target bonus payment excluding any exceptional remuneration and no benefit being paid below a level of 50%.

If the Chief Executive Officer, Yves Le Masne, is entitled to claim a full basic pension within six months of the termination of his duties, this payment may not be made.

Unemployment insurance

The Chief Executive Officer, Yves Le Masne, is covered by an unemployment insurance policy, with the corresponding premiums paid by the Company and its subsidiaries.

Draft (18th) resolution submitted for shareholders' approval

Approval of the remuneration policy for the Chief Executive Officer in respect of the 2021 financial year

The Annual General Meeting, deliberating in accordance with the quorum and majority voting requirements for ordinary general meetings, having reviewed the corporate governance report prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8-II of the French Commercial Code, the remuneration policy for the Chief Executive Officer in respect of the 2021 financial year, as presented in the corporate governance report in section 5.3.4 of the 2020 Universal Registration Document.

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 Article L. 225-38 of the French Commercial Code, and Article 22 of the Company's Articles of Association, the agreements entered into, directly or via 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 agreements covering current operations concluded under normal market conditions, are included in Appendix 3 of this report.

5.6 Factors liable to have an impact in the event of a public offering

Pursuant to Article L. 22-10-11 of the French Commercial Code, ORPEA makes the following disclosures concerning factors liable to have an impact in the event of a public offering:

- 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 members of the Board of Directors are those set out by law;
- the Chief Executive Officer and the Chief Operating Officer receive compensation in the event that they end their duties as executive officers. On 2 November 2020, the Board of Directors ended the duties of the Chief Operating Officer Jean-Claude Brdenk, effective from 31 December 2020. Accordingly, a severance payment of €2,539,036.44 is payable to him, subject to the approval of the Annual General Meeting of 24 June 2021;
- 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 2020 and shown in the consolidated financial statements as at that date was €4,098 million;
- the Board of Directors may implement the Company's share buyback programme during a public offer for the Company's shares[1].

5.7 Summary of corporate officers' dealings in ORPEA shares since 1 January 2020

To the best of the Company's knowledge, only the following corporate officers effected transactions in ORPEA shares during the financial year ended 31 December 2020.

	Acquisitions		Disposals	
Corporate officers	Number of shares	Average price per share	Number of shares	Average price per share
Yves Le Masne	1,500	€74.30	1,500	€93.435
Jean-Claude Brdenk	200	€98.29		
Laure Baume	60	€117.38	-	-
Jean-Patrick Fortlacroix	47	€97.10	-	-
Olivier Lecomte[(1)]	80	€108.00	-	-
Pascale Richetta	10	€101.30	-	-

(1) Since 1 January 2021, Olivier Lecomte has acquired 100 shares at an average price of €98.50 per share.

(1) The draft 19th resolution, which will be submitted for shareholders' approval at the Annual General Meeting of 24 June 2021, provides that the Board of Directors may not implement the Company's share buyback programme during a public offer for the Company's shares.

5.8 Appendices

5.8.1 APPENDIX 1: "COMPLY OR EXPLAIN" TABLE

The below table stipulates the recommendations of the AFEP-MEDEF Code that the Company has opted not to apply and the reasons for this.

Topic	AFEP-MEDEF recommendation	Explanation
Severance payments to the Chief Executive Officer and the Chief Operating Officer	Article 24.5.1. They [the conditions under which severance payments are made] must (...) authorise the payment to a senior executive only if their departure is enforced, irrespective of the form of the departure.	Given the length of service in the Group of the Chief Executive Officer and of the Chief Operating Officer, the Board of Directors took the view that their severance payments could be payable should they leave of their own volition following a change in control or of strategy.

5.8.2 APPENDIX 2: ADDITIONAL INFORMATION ABOUT CORPORATE OFFICERS

PHILIPPE CHARRIER

Date of birth: 2 August 1954

Number of shares held: 400 shares

Philippe Charrier, a graduate of the HEC Paris business school and DECS, is an executive with many years of experience in international healthcare and consumer product groups.

Since July 2019, he has held the role of Chief Executive Officer of Mayoly Spindler, an international group specialising in gastroenterology and dermocosmetic drugs and food supplements. Previously, he was Executive Chairman of Ponroy Santé, an international group specialising in natural health and beauty products for consumers. Before that, he was CEO of Labco from 2011 to 2015, then Executive Chairman until 2016. From 2006 to 2010, he was CEO of Oenobiol, a European specialist in food supplements for health and beauty. Prior to that, he was CEO 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.

Terms of office in progress

Offices and positions held in Group companies

- Director and Chairman of the Board of Directors 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
- Permanent representative of Alphident, Chairman: Ponroy Santé

YVES LE MASNE

Date of birth: 4 October 1962

Number of shares held: 20,000 shares

Yves Le Masne has been with the Group for 28 years, having trained as a computer science engineer and graduated with a degree in management control and finance.

His first positions with the Group were as Head of Management Control and then Chief Financial Officer. In 2006, he joined the Board of Directors and was appointed Chief Operating Officer. Since 15 February 2011, he has served as Chief Executive Officer of ORPEA. His long career with the Group has given him extensive knowledge of its activities and organisation.

Terms of office in progress

Offices and positions held in Group companies

- Director and Chief Executive Officer: ORPEA
- Chairman of the Supervisory Board: ORPEA Polska (Poland), SENECURA KLINIKEN (Czech Republic)
- Member of the Supervisory Board: Celenus Kliniken (Germany)
- Chairman of the Board of Directors: ORPEA Belgium (Belgium), SENEVITA (Switzerland), ORPEA Iberica (Spain), Union Sanyres (Spain), Sanyres Sur (Spain), Reyes de Aragon (Spain), Residencia Ciutat Diagonal Esplugues (Spain), Centros Residenciales Estremera (Spain), Centro de Mayores Care Extremadura Dos 2002 (Spain), Atirual Inmobiliaria (Spain), Dinmorpea (Spain), Explotacion de Residencia del Real Sitio de

San Fernando (Spain), Artevida Centros Residenciales (Spain), Residencial Senior 2000 (Spain), Instituto de Investigaciones Neuropsiquiatricas Doctor Lopez-Ibor (Spain), ORPEA Lopez-Ibor 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 Mexico (Mexico), ORPEA Singapore (Singapore), ORPIMMO TLAPAN (Mexico), OPEA Suisse (Switzerland), SIS Exploit Mexico SA de C.V. (Mexico), Mexicorpea Immo S. de R.L. de C.V. (Mexico), Orpimmo Valle Real (Mexico), Orpea Colombia Exploit SAS (Colombia)

- Director: SENECURA (Czech Republic), SENECURA Holding (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, Mex, Hôtel de l'Espérance, La Chavannerie, Le Clos Saint-Grégoire, Sud-Ouest Santé, 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, Résidence Paul & Lisa, Clinique du Valois, Émeraude Participations, Résidences Services
- Chief Executive Officer: CLINEA
- Permanent representative of ORPEA, director: Les Charmilles, 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, CRF Santé, Clinique du Château de Loos, SARL Ancienne Abbaye, Le Verger d'Anna, Parassy, PCM Santé, 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), SENECURA KLINIKEN (Austria), ORPIMMO (Uruguay), ORPEXPLOIT (Uruguay), FAMIBEL (Uruguay), LAGUBEL (Uruguay), SCI La Lorraine, SCI Princess2, Foncière Clinipsy1, Foncière Clinipsy2, Primavera, SARL 08 Signy-l'Abbaye, Familisanté Management, 95 Montigny-lès-Cormeilles, Reine Bellevue, François Rabelais, SCI Portes d'Auxerre, Yobema, Nancy Bellefontaine, Les Bords du Gave, Caserne de Draguignan, SCI Laurent, Familisanté Immobilier

Offices and positions held in non-Group companies

- Manager: SCI Villa de la Maye, SCI Vineuse, SCI Gaoua Beach, SCI Franklin

Yves Le Masne complies with the relevant regulations concerning the number of offices that may be held concurrently.

Offices that expired in the past five years

- Manager: Gestihome Senior, Maison de Retraite du Château de Pile, Tolosa Santé, La Madone, Gessimo, La Maison de Salomé, La Maison d'Ombeline, L'Atrium, La Vénitie, Douce France Santé Arcachon, Guéroult, Résidence les Cèdres, IDF Résidence Retraite, Résidence du Parc de Bellejame, Résidence de Savigny, Résidence de la Puisaye, Douce France Santé Dourdan, Les Buissonnets, German Care Services Entreprise (Luxembourg), SCI de la Marne
- Chairman: Clinique Saint-Joseph, Les Jardins d'Aliénor, Le Cos d'Aliénor, Clinique Les Sorbiers, Société d'Exploitation de la Clinique Cardiologique de la Maison Blanche, Clinique Néphrologique de Maison Blanche, Le Centre de Rééducation Fonctionnelle de Navenne, PR 12, Clinique Psychiatrique de Seine-Saint-Denis, Gérone Corp, Rive Ardente, Clinique Beau Site, Clinique Castelviel, Clinique du Château de Préville, Maison de Régime Saint-Jean, Alunorm, La Chêneraie, Clinique Médicale de Goussonville, Le Château de Brégy, Résidence la Chêneraie, Home la Tour, Saint-Jean, Clinique du Pont du Gard, Clinique de Soins de Bois-Guillaume, La Clairière, MDR La Chêneraie, Méditer, Le Clos Saint-Sébastien 44, Emcejidey, Clinique Montevideo-SAS La Tourelle, Organis, Holding Mandres, Holding Mieux Vivre, Clinique du Parc, CLINEA, Massilia Gestion Santé, Les Grands Pins, Château de Champlatreux, Clinique Marigny, Résidence du Port, Amundi Immobilier Novation Santé OPCI
- Chairman, Chief Executive Officer and director: Maison de Convalescence du Domaine de Longuève
- Director: Centre de soins du Valois, Clinique du Valois, CITOPREA (Portugal)
- Permanent representative of CLINEA, director: Sancellemoz
- Permanent representative of CLINEA, Chairman: Société Civile des Praticiens du Grand Pré
- Permanent representative of NIOT 94, Manager: SCS Bordes & Cie

LAURE BAUME

Date of birth: 10 September 1975

Number of shares held: 200 shares

Laure Baume, a graduate of the HEC Paris business school, has been Chief Consumer Officer of the Moët-Hennessy group since May 2018. She is also a member of the Executive Committee of the Moët-Hennessy group. Previously, she was Executive Director and Customer Director of the ADP Group from December 2014 until May 2018 and served on its Executive Committee. As part of these duties, she served on the Management Board of the Société de Distribution Aéroportuaire, Relay@adp and EPIGO joint ventures and on the Board of Directors of Média Aéroports de Paris.

Before that, Laure Baume was Club Méditerranée's Marketing Director for France and Director for Switzerland from 2006 onwards. She was subsequently appointed to the General Management Committee of Club Med as General Manager of the New Markets – Europe-Africa and Strategic Marketing business unit.

Laure Baume's career began with US group Kraft Foods (since renamed Mondelez), where she held a series of positions including product manager, category head and brand manager in Paris and New York.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

None

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

CORINE DE BILBAO (DIRECTOR SINCE 23 JUNE 2020)

Date of birth: 16 October 1966

Number of shares held: None

A graduate of Institut d'études politiques (IEP) de Bordeaux and holder of an MBA in Sourcing and Supply Chain Management, Corine de Bilbao has been working as Chief Executive Officer of the international division of Segula Technologies since April 2019.

Corine de Bilbao started her career within the General Electric Group in 1989, in the medical imaging division. She spent 28 years in the General Electric Group, where she held many senior positions, mainly in industrial and commercial roles (in particular the role of Chief Executive Officer, Europe for GE Oil & Gas, followed by Vice-President of sales for the Subsea Oil & Gas division responsible for the global development of the division's activities, notably in Africa and Latin America).

More recently, from 2016 to 2019, she served as President of General Electric France.

Corine de Bilbao also spent two years at Areva T&D as Vice-President of sales in the Products division.

Corine de Bilbao has nearly 30 years of industrial experience, including more than 20 years dedicated to the energy, oil and gas, electricity generation and distribution sector. This experience has given her an overview of the industry and its challenges in many different market contexts.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chief Executive Officer: Segula Technologies International
- Member of the Supervisory Board: 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

- Chairman: General Electric (GE) International France
- Chairman: General Electric (GE) Industrial France
- Director: Geast (GE-Alstom nuclear JV)
- Member of the Supervisory Board: Segula Technologies
- Vice-Chairman: AmCham (American Chamber of Commerce in France)

BERNADETTE DANET-CHEVALLIER

Date of birth: 5 December 1958

Number of shares held: 42 shares

An ESSEC graduate, Bernadette Danet-Chevallier, CEO of La Maison des Centraliens Hotel, has spent the majority of her career in the tourism and hospitality 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 a senior management role in independent hospitality.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chairwoman of Philosykos (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

- Chairwoman of ODO SAS (unlisted French company)

JEAN-PATRICK FORTLACROIX

Date of birth: 14 September 1957

Number of shares held: 200 shares

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.

Terms of office in progress

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

MORITZ KRAUTKRÄMER

Date of birth: 26 February 1981

Number of shares held: 1 share

Moritz Krautkrämer joined Canada Pension Plan Investment Board (CPPIB) in 2010 as Senior Principal in Relationship Investments, making strategic minority investments in listed and soon-to-be listed companies. He has overseen investments in the healthcare, business services and insurance 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.

Terms of office in progress

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

OLIVIER LECOMTE (DIRECTOR SINCE 16 NOVEMBER 2020)

Date of birth: 7 August 1965

Number of shares held: 180 shares

Olivier Lecomte graduated from École Centrale Paris. He started his career as an Investment Banker in London and Paris, at Société Générale and at Demacy, Worms & Cie. He then joined the Unibail Group, where he held a number of positions between 1994 and 2002: Director of Development, Chairman of Espace Expansion, followed by Deputy CEO of the Group responsible for the Shopping Centres and Conventions-Exhibitions divisions. From 2010 to 2014, he chaired the Paris region innovation lab (Paris Lab). He also served as director 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 Commission of Monitoring and of the Serious adverse events unit of the Robert-Debré University Hospital, member of the Steering committee of the Integrated Cancer Research Site (SIRIC) of the Gustave-Roussy Institute, and or the Steering committee of the AP-HP/Instituts Mines Télécom "Bloc Opératoire Augmenté (BOpA)" chair. Since 2003, he is also a lecturer at École Centrale Paris.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Director: Carmila SA (listed French company), Ingénieurs de l'École Centrale des Arts et Manufactures

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

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.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Chairman and member of the Supervisory Board: Société Financière Guiraud
- Vice-Chairman and member of the Supervisory Board: IDI
- Member of the Supervisory Board: Immobilière Dassault, IDI Emerging Markets (Luxembourg)
- Director: SEB, 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, SANEF, Gran Via 2008
- Member of the Supervisory Board: ONET, Zodiac Aérospace

(1) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

THIERRY MABILLE DE PONCHEVILLE

Date of birth: 6 October 1955

Number of shares held: None

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 Operating Officer of Établissements Peugeot Frères, the Peugeot family group's holding company and Group Head of Legal Affairs.

He brings the benefit of the wealth of experience he has gained during his career in France and abroad, as well as his in-depth knowledge of the governance rules.

Terms of office in progress

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: Peugeot Frères Entrepreneuriat (unlisted French company)
- Chief Operating Officer: Établissements Peugeot Frères (unlisted French company), 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 Executive Officer: Peugeot Frères Industrie
- Manager: Société Civile du Bannot

PASCALE RICHETTA (DIRECTOR SINCE 23 JUNE 2020)

Date of birth: 12 March 1959

Number of shares held: 10 shares

A Doctor of Medicine, Pascale Richetta served between February 2016 and April 2020 as Executive Vice President responsible for the Bone Patient Value Unit of the company UCB, 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.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

None

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

JOY VERLÉ

Date of birth: 23 May 1979

Number of shares held: 1 share

Joy Verlé joined Canada Pension Plan Investment Board (CPPIB) in 2016 as Senior Principal 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 energies and healthcare sectors as a partner. She has also held directorships in three companies active in the education and renewable energies sectors.

Terms of office in progress

Offices and positions held in Group companies

- Director of ORPEA

Offices and positions held in non-Group companies

- Director: Galileo Global Education TCo 1 (unlisted French company)
- Member of the Supervisory Board: ELIS (listed 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

Number of shares held: 20 shares

As an elected representative of the Works Committee 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 Head of Legal Affairs at CLINEA. In this role, she is involved in the development of the Group's hospitals and in 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.

Terms of office in progress

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 SINCE 15 DECEMBER 2020)

Date of birth: 22 February 1970

Number of shares held: None

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; 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.

Terms of office in progress

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

5.8.3 APPENDIX 3: STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS

Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2020

To the Annual General Meeting of ORPEA,

In our capacity as the Statutory Auditors of ORPEA (hereinafter "the Company"), we hereby present our report concerning regulated agreements.

Our role is to report to you, based on the information provided to us, on the essential characteristics and arrangements of the agreements and on the justification for the Company entering into the agreements brought to our attention or that we learnt of during our assignment. It is not our responsibility to comment on their effectiveness or appropriateness or to check whether any other such agreements exist.

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.

Furthermore, it is our role to report to you, where appropriate, on the disclosures provided for in Article R. 225-31 of the French Commercial Code on the continued execution during the past financial year of agreements already approved by the Annual General Meeting.

We performed the procedures we deemed necessary in accordance with the professional standards for Statutory Auditors applicable in France for this type of engagement. Those procedures consisted of verifying the consistency of the information provided to us with the source documents.

AGREEMENTS SUBJECT TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorised and entered into during the past financial year

Pursuant to Article L. 225-40 of the French Commercial Code, we were informed of the following agreement that has received prior approval by your Board of Directors:

1) Letter of agreement with respect to the non-compete, non-solicitation and mutual non-disparagement commitments
(Authorised by the Board of Directors on 02 November 2020)

Corporate officer concerned: Jean-Claude Brdenk

- Non-compete commitment by Jean-Claude Brdenk until 23 June 2023, subject to maintaining his bonus shares in the process of vesting at 31 December 2020, using the pro rata method
- Non-solicitation commitment by Jean-Claude Brdenk, and mutual non-disparagement commitment until 23 June 2023, provided that the Board of Directors asks the shareholders to approve the waiver of the requirement of continued presence at the Group, set out in the bonus share plans in progress, using the pro rata method

Financial impact over the 2020 financial year: None

AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements approved during previous financial years

a) The performance of which continued during the past financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed of the continued performance during the past financial 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 over the 2020 financial year: The Company paid premiums amounting to €32,764.82 excluding taxes in respect of the 2020 financial year.

2) Arrangement of unemployment insurance for Jean-Claude Brdenk, Chief Operating Officer

(Authorised by the Board of Directors on 25 April 2013)

Corporate officer concerned: Jean-Claude Brdenk

Nature and purpose: Arrangement of an unemployment insurance policy for Jean-Claude Brdenk, with the corresponding premiums paid by the Company.

Financial impact over the 2020 financial year: The Company paid premiums amounting to €32,764.82 excluding taxes in respect of the 2020 financial year.

b) Not executed in the past financial year

In addition, we were informed that the following agreements approved previously by the Annual General Meeting remained in force but were not executed during the past financial 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 major 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.

This agreement had no financial impact during the past financial year.

2) Agreement on investment arrangements with SOFINA

(Authorised by the Board of Directors on 11 December 2014)

Director concerned: Xavier Coirbay, member of the Executive Committee of Sofina

Nature and purpose:

- Right granted to Sofina 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 Sofina to obtain the Company's assistance in connection with any major disposals of shares that Sofina 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.

This agreement had no financial impact during the past financial year.

3) 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 10 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, 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 through 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.

This agreement had no financial impact during the past financial year.

Paris and Paris-La Défense, 10 May 2021

The Statutory Auditors

Saint-Honoré BK&A	Deloitte & Associés
Xavier Groslin	Jean-Marie Le Guiner

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

6.1 Consolidated financial statements at 31 December 2020

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	31/12/2020	31/12/2019
Revenue	**3.18**	**3,922,392**	**3,740,215**
Purchases used and other external expenses		(748,837)	(718,664)
Staff costs		(2,210,306)	(1,978,058)
Taxes other than on income		(135,540)	(129,189)
Depreciation, amortisation and charges to provisions		(503,574)	(445,684)
Other recurring operating income		105,062	47,673
Other recurring operating expense		(6,294)	(12,511)
Recurring operating profit	**3.20**	**422,903**	**503,782**
Other non-recurring operating income	3.21	278,871	109,297
Other non-recurring operating expense	3.21	(234,782)	(72,258)
OPERATING PROFIT		**466,992**	**540,821**
Financial income		16,168	11,155
Financial expense		(272,827)	(226,107)
Net financial profit	**3.22**	**(256,659)**	**(214,952)**
PROFIT BEFORE TAX		**210,333**	**325,869**
Income tax expense	3.23	(52,584)	(98,610)
Share in profit/(loss) of associates and joint ventures	3.5	1,550	5,509
NET PROFIT OF CONSOLIDATED COMPANIES		**159,299**	**232,768**
Attributable to non-controlling interests		(747)	(1,221)
Attributable to ORPEA's shareholders		**160,046**	**233,990**
Number of shares		64,631,325	64,615,837
Consolidated net profit attributable to ORPEA's shareholders per share *(in euros)*		2.48	3.62
Diluted consolidated net profit attributable to ORPEA's shareholders per share *(in euros)*		2.44	3.57

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)		31/12/2020	31/12/2019
Net profit for the financial year	**a**	**160,046**	**233,990**
Change in exchange differences		(56,455)	(3,515)
Change in fair value of available-for-sale financial assets			
Cash flow hedges		(33,416)	(87,503)
Tax effect on items that may be reclassified to profit or loss		8,630	22,598
Total items that may be reclassified to profit or loss	b	(81,241)	(68,420)
Comprehensive income net of items that may be reclassified to profit or loss	**a+b**	**78,805**	**165,570**
Actuarial gains/(losses)		(8,441)	59
Revaluation of properties		569,600	79,505
Impact of the measurement of deferred taxes at the rate expected to apply			
Tax effect on items that may not be reclassified to profit or loss		(145,116)	(20,358)
Total items that may not be reclassified to profit or loss	c	416,043	59,206
Comprehensive income net of items that may not be reclassified to profit or loss	**a+b+c**	**494,848**	**224,776**
Other comprehensive income (net of tax)	**b+c**	**334,801**	**(9,214)**
COMPREHENSIVE INCOME	**A+B+C**	**494,848**	**224,776**

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	Notes	31/12/2020	31/12/2019
ASSETS			
Goodwill	3.1	1,494,270	1,298,972
Intangible assets, net	3.1	2,881,430	2,469,080
Property, plant and equipment, net	3.3	6,154,741	5,421,534
Properties under construction	3.3	814,562	595,123
Right-of-use assets	3.4	2,817,216	2,334,315
Investments in associates and joint ventures	3.5	187,047	166,853
Non-current financial assets	3.6	90,952	60,365
Deferred tax assets	3.23	116,111	93,983
Non-current assets		**14,556,329**	**12,440,225**
Inventories		19,824	12,513
Trade receivables	3.7	233,223	263,482
Other receivables, accruals and prepayments	3.8	718,290	584,060
Cash and cash equivalents	3.12	888,836	838,741
Current assets		**1,860,173**	**1,698,796**
Assets held for sale	**3.9**	**550,000**	**400,000**
TOTAL ASSETS		**16,966,502**	**14,539,021**

(in thousands of euros)	Notes	31/12/2020	31/12/2019*
LIABILITIES AND EQUITY			
Share capital		80,789	80,770
Consolidated reserves		2,311,027	2,147,260
Revaluation reserves		943,278	552,021
Net profit for the financial year		160,046	233,990
Equity attributable to ORPEA's shareholders	**3.10**	**3,495,140**	**3,014,041**
Non-controlling interests		(5,181)	(2,918)
Total consolidated equity		**3,489,959**	**3,011,123**
Non-current financial liabilities excluding bridging loans	3.12	6,037,080	5,518,885
Long-term bridging loans	3.12	449,540	339,572
Long-term lease commitments	3.14	2,720,246	2,262,279
Provisions	3.11	91,713	111,760
Post-employment and related benefit obligations	3.11	99,243	87,347
Deferred tax liabilities and other non-current liabilities	3.23	1,445,331	1,027,865
Non-current liabilities		**10,843,153**	**9,347,708**
Current financial liabilities excluding bridging loans	3.12	1,008,159	844,928
Short-term bridging loans	3.12	47,631	70,017
Short-term lease commitments	3.14	266,285	237,597
Provisions	3.11	23,867	27,253
Trade payables	3.15	310,420	253,782
Tax and payroll liabilities	3.16	310,905	237,878
Current income tax liabilities		34,675	22,988
Other payables, accruals and prepayments	3.17	631,448	485,747
Current liabilities		**2,633,390**	**2,180,190**
TOTAL LIABILITIES AND EQUITY		**16,966,502**	**14,539,021**

* *See Note 1.7 "Change in reporting".*

The accompanying notes are an integral part of the 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	31/12/2020	31/12/2019
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit of consolidated companies		160,046	233,990
Elimination of non-cash income and expense related to operating activities*		118,568	132,064
IFRS 16 lease cost		265,201	298,255
Net finance cost	3.22	184,040	147,876
Financial expenses on lease commitments	3.22	72,619	67,076
Gains on asset disposals not related to operating activities net of tax		(19,842)	(5,791)
Gross cash flow from operations generated by consolidated companies		**780,632**	**873,470**
Change in the operating working capital requirement			
• Inventories		(7,311)	(2,791)
• Trade receivables	3.7	30,259	(32,585)
• Other receivables	3.8	(89,180)	(1,649)
• Tax and payroll liabilities	3.16	46,536	21,642
• Trade payables	3.15	57,133	(8,703)
• Other payables	3.17	(40,339)	(42,926)
Net cash generated by/(used in) operating activities		**777,730**	**806,458**
CASH FLOW FROM INVESTING AND DEVELOPMENT ACTIVITIES			
Property investments		(750,667)	(718,123)
Disposals of real estate		231,668	16,027
Other acquisitions and changes		(494,439)	(276,151)
Net cash generated by/(used in) investing activities		**(1,013,438)**	**(978,247)**
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Dividends paid to shareholders of the parent	3.10	0	(77,539)
Net cash inflows/(outflows) related to bridging loans and bank overdrafts	3.12	87,582	27,783
Proceeds from new finance leases	3.12	133,401	97,217
Proceeds from other borrowings	3.12	1,656,958	1,642,877
Repayments of lease liabilities		(265,201)	(298,255)
Repayments of other borrowings	3.12	(933,548)	(720,486)
Repayments under finance leases	3.12	(178,730)	(214,102)
Net financial profit and other changes	3.22	(214,659)	(214,952)
Net cash generated by/(used in) financing activities		**285,803**	**242,543**
CHANGE IN CASH AND CASH EQUIVALENTS		**50,095**	**70,754**
Cash and cash equivalents at beginning of period		838,741	767,987
Cash and cash equivalents at end of period		**888,836**	**838,741**
Analysis of cash and cash equivalents at end of period		**888,836**	**838,741**
Marketable securities	3.12	10,380	10,870
Cash	3.12	878,456	827,871

* *Chiefly depreciation, amortisation, charges to provisions, deferred taxes, share in income of associates and excess of fair value of assets and liabilities, and the redevelopment costs and non-recurring expenses arising from the acquisition of facilities.*

The accompanying notes are an integral part of the financial statements.

INFORMATION CONCERNING CONSOLIDATED EQUITY

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	Profit or loss	Total attributable to ORPEA's shareholders	Non-controlling interests	Total
31/12/2018	**64,586,323**	**80,733**	**950,642**	**557,720**	**1,159,796**	**220,391**	**2,969,282**	**1,392**	**2,970,675**
Change in fair value of properties				58,973			58,973		58,973
Post-employment benefit obligations				233			233		233
Financial instruments				(64,905)			(64,905)		(64,905)
Exchange differences					(3,515)		(3,515)		(3,515)
Impact of the measurement of deferred taxes							0		0
Changes in fair value recognised directly in equity		**0**	**0**	**(5,699)**	**(3,515)**	**0**	**(9,214)**	**0**	**(9,214)**
Reclassifications									
Appropriation of net profit					142,852	(220,391)	(77,539)		(77,539)
Net profit at 31 December 2019						233,990	233,990	(1,222)	232,768
Exercise of BSAAR							0		0
Conversion of ORNANE bonds							0		0
OCEANE					51,839		51,839		51,839
Other					(477)		(477)	(3,088)	(3,565)
Other					(7,664)		(7,664)		(7,664)
Other (IFRS 16)					(145,582)		(145,582)		(145,582)
Bonus share allotment plan	29,514	37	(37)		(596)		(596)		(596)
Cancellation of treasury shares							0		0
31/12/2019	**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)
Exchange differences					(56,455)		(56,455)	235	(56,220)
Impact of the measurement 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					(38,177)		(38,177)	265	(37,912)
Other (IFRS 16)					19,973		19,973		19,973
Bonus share allotment plan	15,488	19	(19)		5,011		5,011		5,011
Cancellation of treasury shares							0		0
31/12/2020	**64,631,325**	**80,789**	**950,586**	**943,278**	**1,360,441**	**160,046**	**3,495,140**	**(5,181)**	**3,489,959**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Amounts are stated in thousands of euros unless otherwise stated.

The 2020 consolidated financial statements for the ORPEA Group were approved by the Board of Directors on 27 April 2021.

1. Significant accounting policies

ORPEA SA is a French company that has its registered office 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 home care 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 2020 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 accounting standards (IAS and IFRS) and IFRIC interpretations (International Financial Reporting Interpretations Committee).

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 mandatory standards and interpretations for periods beginning on or after 1 January 2020 and applicable to the ORPEA Group are:

- Amendment to IFRS 3 – Definition of a Business – Definition of an activity;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to IFRS 9 and IFRS 7: Interest Rate Benchmark Reform;
- Amendment to IFRS 16: Covid-19-Related Rent Concessions (applicable as of 1 June 2020).

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 2020. These are primarily the following:

Standards not yet adopted by the European Union (application date subject to adoption by the EU):

- 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 or Non-Current (1 January 2022);
- IFRS 17: Insurance Contracts.

The detailed analysis of these standards and amendments is currently under way, but no material impact is expected on the Group's 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 notes thereto 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.

1.3 USE OF ESTIMATES

The preparation of financial statements in accordance with IFRS requires estimates and assumptions to be made which have an impact on the amounts appearing 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);
- measurement of post-employment benefits (IAS 19);
- estimate of lease terms and discount rate 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).

Due to the current public health crisis, the Group has carried out an in-depth review of these assumptions and estimates.

1.4 BASIS OF CONSOLIDATION

Entities indirectly or directly controlled by the Group are fully consolidated.

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.

These investments in associates and joint ventures are accounted for using the equity method. 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) and adopted early by the Group with effect from 1 January 2009.

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 an equity interest in the entity was held prior to acquiring control, it is re-measured 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 up to 12 months from the acquisition date 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.

Acquisitions of facilities in Belgium and in Italy have given rise to the recognition of foreign intangible assets since 1 July 2007, as have the new facilities acquired in Spain and Switzerland since 2014, in Austria since 2015, in Poland and the Czech Republic since 2017, in Portugal and Germany since 2018, in the Netherlands since 2019, and in Slovenia, Latvia and Ireland since 2020.

Operating licences for certain foreign facilities do not meet the requirements for recognition of an identifiable intangible asset 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 acquisition and the Group's interest in the fair value of acquisition-date amounts of the identifiable assets acquired and the liabilities assumed 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 impairment 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 is higher than the cost of the acquisition, the negative goodwill is recognised immediately in profit or loss under "Other non-recurring operating income" (see Note 3.22).

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 CURRENCY OF PREPARATION

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.

1.7 CHANGE IN REPORTING

The reporting of equity and liabilities in the financial statements was changed in 2020 and applied retrospectively to the financial statements for the year ended 31 December 2019.

The restatement concerns the reporting of liabilities associated with assets held for sale, which have been reclassified under financial liabilities, and the reporting on a separate line of bridging loans, whether short- or long-term, which will be repaid through asset disposals as stated in Note 3.12.

These changes in reporting have no impact on the total amount of gross financial liabilities or on the calculation of covenants, which can be found in Note 3.12.

The restatement is as follows:

- **Consolidated balance sheet**

	Notes	31/12/2019, reported	Restatements	31/12/2019, adjusted
LIABILITIES AND EQUITY				
Equity attributable to ORPEA's shareholders	**3.10**	**3,014,041**	**-**	**3,014,041**
Total consolidated equity		**3,011,123**	**-**	**3,011,123**
Non-current financial liabilities excluding bridging loans	3.12	5,858,457	(339,572)	5,518,885
Long-term bridging loans	3.12		339,572	339,572
Long-term lease commitments	3.14	2,262,279		2,262,279
Provisions	3.11	111,760		111,760
Post-employment and related benefit obligations	3.11	87,347		87,347
Deferred tax liabilities and other non-current liabilities	3.23	1,027,865		1,027,865
Non-current liabilities		**9,347,708**	**-**	**9,347,708**
Current financial liabilities excluding bridging loans	3.12	514,945	329,983	844,928
Short-term bridging loans	3.12		70,017	70,017
Short-term lease commitments	3.14	237,597		237,597
Provisions	3.11	27,253		27,253
Trade payables	3.15	253,782		253,782
Tax and payroll liabilities	3.16	237,878		237,878
Current income tax liabilities		22,988		22,988
Other payables, accruals and prepayments	3.17	485,747		485,747
Current liabilities		**1,780,190**	**400,000**	**2,180,190**
Liabilities associated with assets held for sale		**400,000**	**(400,000)**	**-**
TOTAL LIABILITIES AND EQUITY		**14,539,021**	**-**	**14,539,021**

2. Highlights of the financial year

2.1 COVID-19 PANDEMIC

Against the backdrop of the Covid-19 pandemic, the Group maintained its level of business in 2020 on the whole (see 3.18 below).

It received €85 million in compensation related to the decline in its business (see 3.20 below).

Additional costs (personal protective equipment, staff bonuses, etc.) of €126 million were incurred and partly offset by the various financial support schemes implemented by local governments amounting to €73 million (see 3.20 below).

The geographical regions most impacted during the period were Eastern Europe (due to the temporary closure of clinics in Austria in the first half of the year), the Iberian Peninsula (especially the Madrid region in Spain) and Latin America.

Conversely, the France-Benelux and Central Europe regions proved resilient, with limited declines in business.

The Group expects healthy growth of at least 6% in 2021, in large part thanks to the vaccination of nearly 80% of residents and patients in most of its facilities.

The pandemic had no impact on the Group's liquidity in 2020.

Given its policy of diversifying its sources of financing, the Group was able to complete all planned financing programmes (see 3.12 below).

The Group does not anticipate any impact on its liquidity in 2021, especially given that ORPEA SA issued a public offering on 1 April 2021 in the form of non-convertible bonds for an amount of €500 million maturing in seven years, demonstrating investors' confidence in both its model and the principle of its business.

2.2 VALUATION OF THE REAL-ESTATE PORTFOLIO

In 2020 the Group decided to revalue its entire real-estate portfolio at fair value, in contrast to a third-party valuation conducted in previous financial years.

The amount of this revaluation was recognised in property, plant and equipment for €570 million, in shareholders' equity for €423 million, and in deferred tax liabilities for €147 million (see 3.3.2 below).

2.3 SCOPE OF CONSOLIDATION

During the financial year, the Group opened several facilities after completing construction or refurbishment work initiated in previous years and pursued its policy of acquisitions by purchasing facilities in operation or at the proposal 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 property complexes.

Based on provisional estimates of the fair value of assets acquired, the total investment at their acquisition date breaks down as follows:

2020 *(in millions of euros)*	**Goodwill**	**Operating intangible assets**	**Properties**	**Contingent liabilities**	**Other assets and other liabilities***	**Deferred taxes**	**Cost**	**2020 revenue**	**Profit or loss for 2020**
France Benelux	55	327	137	(11)	12	(82)	398	88	4
Central Europe	48	49	0	(1)	(35)	(9)	52	21	(1)
Iberian Peninsula/ Latin America	6	0	7	(1)	(1)	(1)	11	2	0
Eastern Europe	2	16	23	(1)	(12)	(4)	19	6	1
Other									
TOTAL	**111**	**392**	**167**	**(14)**	**(36)**	**(96)**	**480**	**118**	**4**

* *Of which intangible concession assets, where appropriate.*

As part of its strategy of growth through acquisitions, the Group carries out acquisitions on a regular basis.

The Group completed the following transactions during the year: acquisition of a 100% stake in psychiatric and post-acute hospitals in France (Sinoué group), psychiatric hospitals in France (Clinipsy group), a nursing home in France, post-acute hospitals in Germany (Medaktiv), and nursing homes in Mexico (Villazul), Latvia (Senior Baltic), Slovenia, Croatia, the Netherlands and Ireland (TLC group). It also acquired a 50% stake in the Irish group Brindley Healthcare.

In the second half of the year, the Group sold 10 nursing homes for the elderly in Germany and a nursing home in the French city of Marseilles to the real-estate companies ICADE Santé and Cofinimmo for a total amount of €160 million.

The ORPEA group also reinforced its development in South America by acquiring an additional stake in the Brazilian company Brazil Senior Living, taking its stake to 50%.

Geographical reporting for the France/Benelux operating segments now includes Ireland in addition to France, Belgium, Luxembourg and the Netherlands.

Other non-recurring income and expense related to acquisitions are presented in Note 3.21.

In 2019, total investments at the date of consolidation were:

2019 *(in millions of euros)*	Goodwill	Operating intangible assets	Properties	Contingent liabilities	Other assets and other liabilities*	Deferred taxes	Cost	2019 revenue	Profit or loss for 2019
France Benelux**	(37)	108	20	(3)	(3)	(27)	44	78	(1)
Central Europe***	60	52	30	(5)	(10)	(10)	106	41	3
Iberian Peninsula/ Latin America	123	56	15	(5)	26	(10)	206	18	(3)
Eastern Europe	8	0	12	(1)	(7)	0	12	2	0
Other	0	0	0	0	0	0	0	0	0
TOTAL	**155**	**215**	**76**	**(15)**	**6**	**(47)**	**367**	**139**	**(1)**

* *Of which intangible concession assets, where appropriate.*
** *Variation in goodwill: including the provisional allocation of 2018 Netherlands goodwill to 2019 intangible assets in the amount of €61 million.*
*** *Variation in goodwill: of which allocation of 2018 Germany goodwill to 2019 intangible assets in the amount of €37 million.*

3. Commentary on the 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 regions 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	1,298,972
Business combinations	111,345
Adjustments to previous goodwill, deconsolidations and other	91,777
Exchange differences	(7,825)
NET GOODWILL AT END OF PERIOD	**1,494,270**

Excluding €58,133 thousand in goodwill held for sale.

Business combinations recognised in 2020 mainly include the provisional allocation of the goodwill arising on the acquisition of the German sub-group Medaktiv (€37 million) and the French sub-group Clinipsy (€48 million).

Adjustments to previous goodwill mainly concern the sub-groups in Brazil (€25 million) and Portugal (€60 million).

At 31 December 2020, the sub-groups of significant CGUs (i.e. those with a value greater than 5% of total goodwill) were as follows:

	31/12/2020
MEDITER MIEUX VIVRE sub-group	87,010
SENEVITA sub-group	60,677
Established German operations	341,203
DAGELIJKS LEVEN sub-group	76,735
AXION sub-group	83,084
Brazilian sub-group	95,707
Portuguese sub-group	93,526
Other	656,329
NET GOODWILL AT END OF PERIOD	**1,494,270**

Goodwill held for sale amounted to €58,133 thousand and consisted mostly of nursing home beds in Germany.

3.1.2 INTANGIBLE ASSETS

Gross intangible assets and accumulated amortisation break down as follows:

	31/12/2020			31/12/2019		
	Gross	Depreciation, amortisation and charges to provisions	Net	Gross	Depreciation, amortisation and charges to provisions	Net
Operating licences	2,810,417	19,101	2,791,316	2,418,543	29,624	2,388,919
Advances and downpayments	3,206	16	3,190	303		303
Other intangible assets	231,051	140,291	90,759	205,389	121,696	83,693
Intangible assets held for sale	(3,835)		(3,835)	(3,835)		(3,835)
TOTAL	**3,040,839**	**159,409**	**2,881,430**	**2,620,400**	**151,320**	**2,469,080**

At 31 December 2020, "Intangible operating assets" included operating licences considered to have an indefinite useful life and a brand acquired as part of the Sinoué 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.

Intangible assets held for sale correspond to operating licences held for facilities earmarked for disposal within 12 months and stood at €3,835 thousand at 31 December 2020.

Groups of CGUs with material operating licences were as follows:

	31/12/2020	31/12/2019
MEDITER MIEUX VIVRE sub-group	187,125	187,125
Sinoué sub-group	128,215	
Clinipsy sub-group	145,569	
SENEVITA sub-group	109,448	116,337
SENECURA sub-group	124,106	123,989
Other	2,096,853	1,961,467
NET OPERATING LICENCES AT END OF PERIOD	**2,791,316**	**2,388,919**

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	Intangible assets held for sale	Total
At 31 December 2018	**2,172,295**	**8,978**	**79,232**	**(3,835)**	**2,256,670**
Increase	4,853	(1,342)	4,287		7,799
Decrease	(2,844)	(0)	414		(2,430)
Depreciation, amortisation and charges to provisions	(2,803)		(6,762)		(9,566)
Reclassifications and other	1,926	(7,333)	4,754		(652)
Changes in scope	215,491	0	1,768		217,259
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)
Depreciation, 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**	**3,190**	**90,760**	**(3,835)**	**2,881,430**

Changes in the scope of consolidation derived chiefly from acquisitions in France Benelux (€327 million), Central Europe (€50 million) and Eastern Europe (€14 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 the following two values: current 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 foreign operations, is charged primarily to the relevant goodwill and property, plant and equipment, the balance being allocated to the rest of the assets in proportion to their carrying amount.

Each nursing home or hospital represents a CGU. A CGU's main assets are goodwill where goodwill is allocated to the CGU, intangible assets (operating licences) and any operating properties revalued at fair value (see Note 3.3).

In accordance with IAS 36, the cash generating units were tested for impairment at the end of the 2020 financial year, including goodwill, intangible assets with an indefinite useful life and property, plant and equipment.

Due to the exceptional circumstances related to the Covid-19 pandemic, impairment tests carried out at 31 December 2019 were updated to take into account the decline in business in the first half of the year as well as the gradual recovery in occupancy rates at all facilities beginning in the second half of 2020.

Consequently, as long-term business forecasts for all CGUs remained unchanged, these tests did not identify any impairment to be recognised at 31 December 2020.

The useful life adopted in business plans is four years. The main operating assumptions and rates used in the fourth quarter of 2020 were as follows:

- perpetual growth rate: 1.5%;
- discount rate determined according to geographical region:
  - France, Switzerland, Germany, Austria, Luxembourg: 5.50%,
  - Belgium, Spain, Netherlands: 5.86%,
  - Italy: 6.02%,
  - Poland, Portugal, UK, Ireland and Czech Republic: 6.58%,
  - other: 6.94%;
- maintenance capex: 2.5% of revenue.

Certain cash generating units may be sensitive to a potential increase in one of the aforementioned three rates.

An increase in discount rates of 50 basis points or a decrease in the perpetuity growth rate of 50 basis points or a change in both parameters in cumulative terms would result in a potential impairment of less than 0.25% of the item's value.

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 finance 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 in service

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).

All real-estate assets are revalued annually, except for those earmarked for sale within 12 months, those for which a reliable determination of fair value is not possible (primarily properties under construction or redevelopment), and smaller properties.

Property under construction whose fair value cannot be reliably determined but for which the Group expects the building's fair value to be reliably determined once construction is completed are measured at cost less impairment, if any, until such time as the fair value is reasonably determined or 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 regions. Valuations are made as at 31 December.

The main valuers are Jones Lang LaSalle (JLL) and Cushman & Wakefield, 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 being used, such as the facility's operating data, are not public.

The revalued value of the properties is reviewed annually by external professionally qualified appraisers.

The revalued value 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.

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 kept by the Group or sold to investors.

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 IAS 23: Borrowing Costs (paragraph 11).

Properties sold off-plan to investors are accounted for using the percentage of completion method and therefore comply with IFRS 15.

The degree 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.

Gains or losses on sales of properties are recorded under "Other non-recurring operating income and expense" in order to distinguish the results linked to these operations from the results generated by the current operations of the facilities.

3.3.1 CHANGES IN PROPERTY, PLANT AND EQUIPMENT INCLUDING THOSE UNDER CONSTRUCTION

Gross property, plant and equipment, including those under construction, and accumulated depreciation break down as follows:

	31/12/2020			31/12/2019		
	Gross	Depreciation, amortisation and charges to provisions	Net	Gross	Depreciation, amortisation and charges to provisions	Net
Properties	7,353,951	1,237,510	6,116,441	6,432,087	1,127,057	5,305,030
Technical installations	828,529	467,984	360,545	678,619	388,650	289,969
Properties under construction	814,624	62	814,562	596,375	1,251	595,123
Other property, plant and equipment	437,646	271,861	165,786	390,806	226,239	164,567
Property, plant and equipment held for sale	(488,032)		(488,032)	(338,032)		(338,032)
TOTAL	**8,946,719**	**1,977,417**	**6,969,303**	**7,759,855**	**1,743,197**	**6,016,657**

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 stood at €488,032 thousand at 31 December 2020.

Movements in the net carrying amounts for fixed assets are as follows:

	Properties	Technical installations	Properties under construction	Other	Property, plant and equipment held for sale	Total
At 31 December 2018	**5,041,669**	**193,562**	**445,627**	**176,961**	**(144,525)**	**5,713,294**
Acquisitions	323,397	126,128	185,827	(4,484)		630,868
Change in fair value	79,505					79,505
Disposals and retirements	(7,655)	(1,539)	(7,037)	(2,440)		(18,672)
Depreciation, amortisation and charges to provisions	(126,869)	(71,164)		908		(197,124)
Reclassifications and other	(81,069)	41,038	(29,567)	(9,398)	(193,507)	(272,503)
Changes in scope	76,052	1,944	274	3,019		81,290
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, amortisation 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**

The main changes during the 2020 financial year 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 2020, the amount of fixed assets financed by property leases stood at €1,552,484 thousand, representing €273,683 thousand in land and €1,278,801 thousand in buildings.

3.3.2 REVALUATION OF OPERATING PROPERTIES

The impact of the measurement of operating properties in accordance with IAS 16 was as follows:

Impact of IAS 16 measurement	31/12/2020	31/12/2019
Gross revaluation reserves	1,510,984	941,384
Amortisation	(17,439)	(17,439)
NET REVALUATION RESERVES	**1,493,545**	**923,945**

The gross revaluation reserve for properties totalled €1,511 million at 31 December 2020, versus €941 million at 31 December 2019. The change was due to the revaluation for the year totalling €570 million.

The corresponding tax, calculated at the statutory tax rate, amounted to €391 million in the year ended 31 December 2020.

The main average capitalisation rates used for the revaluations at 31 December 2020 are as follows:

- France: 5.1%;
- Belgium: 4.5%;
- Germany: 6.1%;
- Austria: 6.4%;
- Spain: 5.2%.

The average capitalisation rate of the Group's property portfolio was 5.3% at 31 December 2020, versus 5.7% at 31 December 2019.

A change of five basis points in the capitalisation rate would result in a €50 million change in the appraised value of the Group's assets.

3.3.3 RENTAL EXPENSES

For operating leases, the lease payments (with the exception of service costs such as insurance and maintenance) are expensed on a straight-line basis, as long as no other systematic basis is more representative of the time pattern of the user's benefits, even if the payments are not made on this basis.

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 non-recurring operating income and expense" for the financial year, limited to the rights of use assigned to the buyer-lessor.

Rental costs break down as follows:

	31/12/2020	31/12/2019
Rental expenses	36,493	33,348
TOTAL RENTAL COSTS	**36,493**	**33,348**

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.

3.4 RIGHT-OF-USE ASSETS

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 IFRIC 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.

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 2020 relating to these transactions were €1,552 million in property, plant and equipment (see Note 3.3.1) and €883 million in financial liabilities (see Note 3.12).

Finance 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.

At 31 December 2020, in accordance with IFRS 16, the Group recognised as an asset a right of use amounting to €2,817,216 thousand.

Depreciation and amortisation charges for rights of use in 2020 stood at €270,154 thousand, of which €264,268 thousand pertained to real estate.

Almost all leases entered into by the Group concern real estate. (The remainder concern certain transport equipment necessary for the care of patients and residents amounting to €12 million.)

At 31 December 2020, changes in rights of use break down as follows:

	Right-of-use assets
At 31 December 2019	**2,334,315**
Increase	358,201
Decrease	(22,415)
Depreciation, amortisation and charges to provisions	(270,154)
Reclassifications and other	(18,404)
Changes in scope	435,673
AT 31 DECEMBER 2020	**2,817,216**

3.5 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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).

At 31 December 2020, investments in associates and joint ventures break down as follows:

Associates and joint ventures	Percentage ownership at 31/12/2020	Carrying amount of investments *(in thousands of euros)*
IDS (property company)	50%	13,210
DANUVIUS KLINIK (psychiatric care)	49%	6,914
BRAZIL SENIOR LIVING	50%	69,620
SENIOR SUITES	49%	21,617
EXELUS	28%	2,000
BRINDLEY	50%	26,527
Other	10% to 60%	25,340
TOTAL		**165,227**
Equity accounted profit/(loss) in previous financial years		20,270
Equity accounted profit/(loss) in current period		1,550
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		**187,047**

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.

At 31 December 2020, the main aggregates related to associates and joint ventures, presented based on the Group's percentage ownership, break down as follows:

(in thousands of euros)	
Non-current assets	211,479
Current assets	69,612
Equity	57,459
Non-current liabilities	195,053
Current liabilities	28,579
Revenue	41,064
Equity accounted profit/(loss)	1,550
Other comprehensive income	0
Net comprehensive income	1,550

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.

Non-current financial assets break down as follows:

	31/12/2020 Net	31/12/2019 Net
Non-consolidated investments	6,972	11,367
Loans	37,900	34,560
Deposits and guarantees	46,080	14,437
TOTAL	**90,952**	**60,365**

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

Trade receivables are impaired in order to reflect the best estimate of expected credit losses over their life.

In accordance with IFRS 9, these impairments 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. The value adjustments to be made to trade receivables, regarding 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 2020, no trade receivables had been sold.

	31/12/2020	31/12/2019
Trade receivables	233,223	263,482
TOTAL	**233,223**	**263,482**

The age of financial assets at 31 December 2020 is broken down as follows:

	31/12/2020	Receivables not yet due	Receivables between 0 and 6 months overdue	Receivables between 7 and 12 months overdue	Receivables between 1 and 2 years overdue	Receivables for more than 2 years overdue
Trade receivables	284,138	57,260	161,932	8,810	43,310	12,826
Impairments	(50,916)	0	(5,441)	(2,031)	(31,643)	(11,800)
TOTAL	**233,223**	**57,260**	**156,491**	**6,779**	**11,667**	**1,026**

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-clinic services are paid for by health insurance funds and private insurance.

The Covid-19 crisis has had no material impact on the Group's credit risk.

3.8 OTHER RECEIVABLES, ACCRUALS AND PREPAYMENTS

	31/12/2020	31/12/2019
Development-related receivables	125,523	186,024
Receivables related to disposals of real estate	25,200	20,339
VAT receivables	87,717	74,456
Advances and downpayments made	4,903	3,061
Shareholder advances (associates and related parties)	308,291	197,548
Interest rate derivatives	5,292	5,292
Miscellaneous receivables	72,418	35,952
Receivables from suppliers	47,275	28,350
Prepaid operating expenses	41,672	33,039
TOTAL	**718,290**	**584,060**

Development-related receivables mainly comprise amounts paid in connection with acquisitions of companies, operating licences for nursing home and clinical beds, or the construction of new properties.

VAT receivables arise mainly from property construction projects forming part of the Group's growth strategy.

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". This excludes buildings held under finance leases.

This reclassification occurs if the sale is highly probable and the non-current asset or disposal group held for sale meets the criteria for such classification and, crucially, is immediately available for sale.

These assets 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 2020, available-for-sale assets break down as follows:

	31/12/2020
Goodwill	58,133
Intangible assets	3,835
Property, plant and equipment	488,032
TOTAL	**550,000**

3.10 EQUITY

3.10.1 SHARE CAPITAL

	31/12/2020	31/12/2019
Total number of shares	64,631,325	64,615,837
Number of shares issued	64,631,325	64,615,837
Par value *(in euros)*	1.25	1.25
Share capital *(in euros)*	80,789,156	80,769,796
TREASURY SHARES HELD BY THE GROUP	**37,469**	**45,142**

Since 31 December 2019, capital increases and the exercise of stock options have had the following impact on share capital and share premiums:

	Total number of shares	Share capital	Share premiums
Share capital at 31/12/2019	**64,615,837**	**80,770**	**950,605**
Appropriation of 2019 net profit			
Capital increase	15,488	19	(19)
SHARE CAPITAL AT 31/12/2020	**64,631,325**	**80,789**	**950,586**

The capital increases were for bonus shares that vested under allotment 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. In this case, the assumption is that proceeds from the exercise of rights will be used as a priority to buy back shares at the market price. The share buyback method is used to calculate the shares that are not bought back, and these are added to the number of ordinary shares outstanding to determine the dilutive impact.

Weighted average number of shares in issue:

	31/12/2020		31/12/2019	
	Basic	Diluted	Basic	Diluted
Ordinary shares	64,616,643	64,616,643	64,605,891	64,605,891
Treasury shares	(7,694)	(7,694)	5,996	5,996
Other shares		271,516		183,110
Shares related to the conversion of OCEANE bonds		3,450,512		2,164,842
WEIGHTED AVERAGE NUMBER OF SHARES	**64,608,949**	**68,330,977**	**64,611,887**	**66,959,839**

Earnings per share:

	31/12/2020		31/12/2019	
(in euros)	Basic	Diluted	Basic	Diluted
Net profit attributable to ORPEA's shareholders	2.48	2.44	3.62	3.57

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 repurchase 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 date of grant and are recognised under staff costs over the period during which rights vest with grantees. This expense, which represents the option's market value at its date of grant, 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 date of grant.

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 bonus share allotment plans.

At 31 December 2020, the Group held 37,469 treasury shares.

On 4 May 2017, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 29,514 shares. The allotment was confirmed on 4 May 2019, subject to the satisfaction of performance criteria, and the shares will be subject to a two-year lock-up period.

On 13 December 2017, the Board of Directors approved the introduction of 2 other bonus share allotment plans for certain employees of ORPEA or its affiliated companies, covering a total of 26,000 shares. The allotment vested on 13 December 2020 for plan A employees and will vest on 13 December 2021 for plan B employees, provided in both cases that the employees are still with the Group at those dates. A one-year lock-up period will apply to both plans.

On 28 June 2018, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 44,701 shares. The allotment will vest on 28 June 2021 subject to the satisfaction of performance criteria.

On 2 February 2019, the Chief Executive Officer, delegated by the Board of Directors at its meeting on 28 June 2018, decided to allot shares from two other bonus share allotment plans to certain employees of ORPEA or its affiliated companies covering a total of 101,025 shares. The allotment will vest on 2 May 2022 subject to the satisfaction of performance criteria.

On 27 June 2019, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 45,279 shares. The allotment will vest on 27 June 2022 subject to the satisfaction of performance criteria.

On 1 February 2020, the Board of Directors approved the introduction of two new bonus share allotment plans for certain employees of ORPEA or its affiliated companies, covering a total of 73,032 shares. The allotment will vest on 2 May 2023 subject to the satisfaction of performance criteria.

On 23 June 2020, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 28,374 shares. The allotment will vest on 23 June 2023 subject to the satisfaction of performance criteria.

The fair value of the benefits provided to the grantees under IFRS 2 was measured by an 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 €18.6 million. The amount expensed in 2020 was €5 million (excluding social security contributions).

3.10.4 DIVIDENDS

At the initiative of executive management, ORPEA's Board of Directors, at its meeting of 23 April 2020, decided, on an exceptional basis, not to propose the payment of a dividend for the 2019 financial year due to the current situation relating to the Covid-19 pandemic.

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.

Provisions break down as follows:

(in thousands of euros)	31/12/2019	Changes in scope and other	Equity	Reclassification	Charges in the financial year	Reversals in the financial year		31/12/2020
						Provisions used	Provisions not used	
Provisions for liabilities and charges	47,334	2,179	(33)	(1,226)	13,690	(8,534)	(4,301)	49,108
Provisions for restructuring	91,679	11,462	(18,788)	2,504	1,368	(21,755)		66,471
TOTAL	**139,012**	**13,641**	**(18,821)**	**1,278**	**15,059**	**(30,289)**	**(4,301)**	**115,580**
Post-employment benefit obligations	87,347	853	8,441	(1,278)	4,240	(361)		99,243

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 2020 totalled €24 million, breaking down into €19 million for labour disputes and €5 million for restructuring.

POST-EMPLOYMENT BENEFIT OBLIGATIONS

In France, the Group is governed by the single 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 life, 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 finance cost.

The provision for post-employment benefit obligations breaks down as follows:

	31/12/2020	31/12/2019
France	44,760	40,739
International	54,483	46,608
TOTAL	**99,243**	**87,347**

Movements in post-employment benefit obligations in France break down as follows:

	31/12/2020			31/12/2019		
	Provision set aside	**Profit or loss**	**Equity**	**Provision set aside**	**Profit or loss**	**Equity**
Beginning of period	**(40,739)**			**(34,414)**		
Current service cost	(3,451)	(3,451)		(3,498)	(3,498)	
Interest expense (unwinding of the discount)	(304)	(304)		(554)	(554)	
Expected return on plan assets						
Employer contributions						
Actuarial gains and losses	(2,913)		(2,913)	(4,893)		(4,893)
Benefits paid	2,869			2,621		
Changes in scope	(853)					
Other	630					
END OF PERIOD	**(44,760)**	**(3,754)**	**(2,913)**	**(40,739)**	**(4,053)**	**(4,893)**

Movements in post-employment benefit obligations outside France break down as follows:

	31/12/2020			31/12/2019		
	Provision set aside	**Profit or loss**	**Equity**	**Provision set aside**	**Profit or loss**	**Equity**
Beginning of period	**(46,608)**			**(49,303)**		
Current service cost	(3,475)	(3,475)		(2,258)	(2,258)	
Interest expense (unwinding of the discount)						
Expected return on plan assets						
Employer contributions						
Actuarial gains and losses	(5,528)		(5,528)	4,952		4,952
Past service cost						
Changes in scope						
Exchange differences	(149)					
Other	1,278					
END OF PERIOD	**(54,483)**	**(3,475)**	**(5,528)**	**(46,608)**	**(2,258)**	**4,952**

The main actuarial assumptions adopted at 31 December 2020 are as follows:

	31/12/2020		31/12/2019	
	France	**International**	**France**	**International**
Discount rate	0.35%	between 0.85% and 1.20%	0.77%	between 0.85% and 1.20%
Annual rate of salary increase including inflation	2.00%	between 1.25% and 1.75%	2.00%	between 1.25% and 1.75%
Expected rate of 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 FINANCIAL LIABILITIES AND CASH

Financial liabilities are recognised at nominal value net of any associated transaction costs, which are deferred over the life of the liability in net finance costs using the effective interest method.

If future interest expense is hedged, the financial liability 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 finance costs.

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:

	Net 31/12/2020	Net 31/12/2019
Bond issues	1,461,260	1,273,121
Finance lease obligations	882,779	928,109
Bridging loans	497,171	409,589
Other borrowings and financial liabilities	4,701,200	4,162,583
Total gross debt	**7,542,410**	**6,773,402**
Cash	(878,456)	(827,871)
Cash equivalents	(10,380)	(10,870)
TOTAL NET DEBT	**6,653,574**	**5,934,661**

Movements in financial liabilities in 2020 were as follows:

	31/12/2019	Increase	Decrease	Changes in scope	31/12/2020
Bond issues	1,273,121	208,510	(20,372)		1,461,260
Finance lease obligations	928,109	120,973	(178,730)	12,428	882,779
Bridging loans	409,589	443,550	(355,968)		497,171
Other borrowings and financial liabilities	4,162,583	1,401,498	(913,176)	50,299	4,701,200
Total gross debt	**6,773,402**	**2,174,531**	**(1,468,246)**	**62,727**	**7,542,410**
Cash and cash equivalents	(838,741)	(50,095)			(888,836)
TOTAL NET DEBT	**5,934,661**	**2,124,436**	**(1,468,246)**	**62,727**	**6,653,574**

Debt net of cash breaks down by maturity as follows:

	31/12/2020	< 1 year	More than 1 year and less than 5 years	More than 5 years
Bond issues	1,461,260	(3,373)	750,378	714,255
Finance lease obligations	882,779	188,380	444,563	249,836
Bridging loans	497,171	47,631	322,938	126,602
Other borrowings and financial liabilities	4,701,200	823,151	2,682,804	1,195,245
Total gross debt	**7,542,410**	**1,055,790**	**4,200,684**	**2,285,936**
Cash and cash equivalents	(888,836)	(888,836)		
TOTAL NET DEBT	**6,653,574**	**166,954**	**4,200,684**	**2,285,936**

Debt maturing in more than one year but less than five years breaks down as follows:

	One to 5 years	2022	2023	2024	2025
Bond issues	750,378	70,000	0	213,000	467,378
Finance lease obligations	444,563	133,215	124,841	103,644	82,863
Bridging loans	322,938	87,520	5,464	5,472	224,482
Other borrowings and financial liabilities	2,682,804	813,576	735,698	624,205	509,325
TOTAL GROSS DEBT PER YEAR	**4,200,684**	**1,104,311**	**866,004**	**946,322**	**1,284,047**

ORPEA'S FINANCING POLICY

The Group's development is reflected in 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;
- finance leases and mortgage loans payable over 12 to 15 years that 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 disposes of properties to real-estate investors, real-estate funds, etc. (see Note 3.9).

The proceeds from these disposals are used primarily to repay bridging loans.

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:

$$R1 = \frac{\text{consolidated net debt (excluding property debt)}}{\text{consolidated EBITDA – 6\% of property debt}}$$

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 2020, these ratios were at 1.5x and 1.6x respectively, within the required limits of 5.5x for R1 and 2.0x for R2 at 31 December 2020.

After neutralising the IFRS 16 effect, the R1 and R2 ratios were 3.4x and 1.6x, respectively.

The Group does not believe it is likely to get close to those limits.

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%.

MORTGAGE DEBT

The ORPEA Group regularly takes out mortgage loans, generally with a 12-year maturity and a 75% LTV.

PRIVATE PLACEMENTS

In 2020, the ORPEA Group raised €272 million in financing from private investors.

Some of that financing, specifically €75 million, included non-financial impact criteria.

SCHULDSCHEINDARLEHEN AND *NAMENSSCHULDVERSCHREIBUNG*

In 2020, the ORPEA Group subscribed to €224 million of *Schuldscheindarlehen* and *Namensschuldverschreibung*.

FINANCING SECURED BY RECEIVABLES

If it has the opportunity to do so, the Group may be required to secure financing lines through the sale of receivables.

At 31 December 2020, the Group had a €120 million financing line which was drawn down in the amount of €114 million and secured by receivables with a variety of health insurance funds.

This financing is recognised as a financial liability.

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 2020, ORPEA's cash and cash equivalents consisted of €10,380 thousand in non-speculative short-term investments such as term deposits with first-rate financial institutions and €878,456 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 first-rate 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

Most of the Group's debt consists of domestic debt carrying floating rates of interest, and so it is exposed to the risk of an increase in short-term rates in the euro zone.

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 2020, 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.

In accordance with IFRS 9, the Group recognised a €42 million financial expense at 31 December 2020 corresponding to the ineffective portion of the change in fair value of the financial instruments.

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%

	31/12/2020	2021	2022	2023	2024	2025	Over 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**

At the end of 2019, the maturity profile of the interest rate derivatives was as follows:

	Maturity profile				
	2020	2021	2022	2023	2024
Average notional amount *(in millions of euros)*	3,017	3,515	3,515	3,502	3,508
Interest rate	0.7%	0.6%	0.6%	0.7%	0.9%

Accumulated changes in the fair value of these hedging derivatives, which came to 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 of €0.6 million.

Accumulated changes in the fair value of these hedging derivatives, which came to a negative amount of €164.8 million at 31 December 2019, were recognised under interest rate hedging reserves in equity in a negative amount of €164.3 million, and through a financial expense of €0.5 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 euro zone are unlikely to see a bigger increase in the long term.

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

- the amount of floating-rate debt net of cash via fluctuations in interest rates;
- changes in the fair value of hedges.

The fair value of hedging instruments is sensitive to changes in interest rates and trends in volatility. Volatility is assumed to remain unchanged for the purposes of this analysis.

At 31 December 2020, net debt amounted to €6,654 million, with approximately 43% arranged at fixed rates and the remainder at floating rates.

Including the impact of hedging arrangements:

- a 1% (100 basis point) rise in the yield curve would decrease the Group's financial expense by €3.3 million (before tax and capitalisation of financial expenses);
- the impact of a 0.1% drop (10 basis points) would increase financial expenses by €1.9 million.

Movements in the future cash flow hedging reserve

(in thousands of euros)	31/12/2020
Revaluation reserve at beginning of period	(143,389)
New instruments	
Impact on net profit	(2,501)
Change in equity	(33,416)
REVALUATION RESERVE AT END OF THE PERIOD	**(179,306)**

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 first-rate 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:

	Notional amount *(in thousands of currency)*	**Market value at 31/12/2020** *(in thousands of euros)*
Currency forwards (CHF)	125,943	608
Currency forwards (CZK)	1,826,265	(2,115)
Currency forwards (PLN)	172,550	519
Currency forwards (AED)	2,400	17
Currency forwards (RUB)	50,000	(5)
Currency forwards (USD)	400	7
TOTAL		**(969)**

All these currency hedging instruments have a maturity date in Q1 of 2021.

3.13.3 VALUE OF NON-DERIVATIVE FINANCIAL ASSETS

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Investments in subsidiaries	6,972	11,367
Other non-current financial assets	37,900	34,560
Cash equivalents	10,380	10,870
NON-DERIVATIVE FINANCIAL INSTRUMENTS	**55,252**	**56,797**

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 regions 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 region 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 term of a property lease is 9.3 years.

The breakdown by maturity of lease commitments is as follows:

	31/12/2020	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Lease commitments under IFRS 16	2,986,531	266,285	927,742	1,792,504
TOTAL	**2,986,531**	**266,285**	**927,742**	**1,792,504**

Changes in lease commitments break down as follows:

	Lease commitments
At 31 December 2019	**2,499,876**
Discount	70,643
New agreements	358,202
Repayments	(324,648)
Reclassifications and other	(37,916)
Changes in scope	420,374
AT 31 DECEMBER 2020	**2,986,531**

3.15 TRADE PAYABLES

	31/12/2020	31/12/2019
Trade payables	310,420	253,782
TOTAL	**310,420**	**253,782**

The Group does not have any reverse factoring arrangements for its trade payables.

3.16 TAX AND PAYROLL LIABILITIES

	31/12/2020	31/12/2019
Tax and payroll liabilities	310,905	237,878
TOTAL	**310,905**	**237,878**

3.17 OTHER PAYABLES, ACCRUALS AND PREPAYMENTS

	31/12/2020	31/12/2019
Development-related liabilities	281,098	161,085
Security deposits	56,983	58,795
Commitments to carry out work on buildings sold	630	600
Customer accounts in credit	99,551	7,723
Other prepaid income	49,599	29,893
Interest rate derivatives	40,973	170,050
Currency derivatives	969	3,242
Advances and downpayments received on orders in progress	16,997	21,755
Shareholder advances (associates and related parties)	899	3,233
Miscellaneous	83,748	29,371
TOTAL	**631,448**	**485,747**

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 Axion, Allerzorg, September, Clinipsy, SIS Brasil and SIS Portugal.

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. This revenue is recognised when the service is provided.

The only seasonal effect is the number of business days, which is higher in H2 of each year than in H1.

In 2020, revenue stood at €3,922 million, up 4.9% compared with 2019, an increase of €182 million.

The Group has expanded through a combination of organic growth and acquisitions.

ORGANIC GROWTH

The Group regularly publishes the organic growth rate in its revenue.

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.

Organic growth in revenue was zero for the year (-1% in the first half and +1% in the second).

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 region:

- **France Benelux:** France, Belgium, Luxembourg, the Netherlands and Ireland;
- **Central Europe:** Germany, Italy and Switzerland;
- **Eastern Europe:** Austria, Poland, Czech Republic, Slovenia, Latvia and Croatia;
- **Iberian Peninsula/Latin America:** Spain, Portugal, Brazil, Uruguay, Chile,Mexico and Colombia;
- **Other:** China.

	31/12/2020	31/12/2019
REVENUE		
France Benelux	2,363,931	2,218,422
Central Europe	1,010,614	961,646
Eastern Europe	365,557	358,749
Iberian Peninsula/Latin America	179,056	198,280
Other	3,235	3,117
TOTAL	**3,922,392**	**3,740,215**
RECURRING OPERATING PROFIT BEFORE RENTS AND BEFORE DEPRECIATION, AMORTISATION AND CHARGES TO PROVISIONS		
France Benelux	632,426	640,415
Central Europe	269,125	232,216
Eastern Europe	52,511	63,796
Iberian Peninsula/Latin America	9,548	47,651
Other	(639)	(1,263)
TOTAL	**962,970**	**982,814**
ASSETS		
France Benelux	12,984,406	10,970,768
Excluding France Benelux	3,982,096	3,568,253
TOTAL	**16,966,502**	**14,539,021**
LIABILITIES EXCLUDING EQUITY		
France Benelux	9,943,745	8,215,329
Excluding France Benelux	3,532,798	3,312,568
TOTAL	**13,476,543**	**11,527,898**

The costs of acquiring segment assets are disclosed in Note 2.

3.20 RECURRING OPERATING PROFIT

Recurring operating profit breaks down as follows:

	31/12/2020	31/12/2019
Revenue	3,922,392	3,740,215
Purchases used and other external expenses before rental expenses	(712,344)	(685,316)
Staff costs	(2,210,306)	(1,978,058)
Taxes other than on income	(135,540)	(129,189)
Other recurring operating income	105,062	47,673
Other recurring operating expense	(6,294)	(12,511)
Recurring operating profit before rents and before depreciation, amortisation and charges to provisions	**962,970**	**982,814**
Rental expenses	(36,493)	(33,348)
Depreciation, amortisation and charges to provisions	(503,574)	(445,684)
RECURRING OPERATING PROFIT	**422,903**	**503,782**

In the context of the Covid-19 pandemic, the Group recognised compensation of €85 million related to the decline in its business.

This compensation was for the most part recognised as “Other recurring operating income”.

Compensation related to additional costs incurred was recognised under “Purchases used and other external expenses” and “Staff costs” as follows:

(in millions of euros)	Additional costs	Compensation	Total
Compensation for additional costs of protective equipment	(52)	28	(24)
Compensation for additional staff costs and bonuses	(74)	45	(29)
TOTAL	**(126)**	**73**	**(53)**

3.21 OTHER NON-RECURRING OPERATING INCOME AND EXPENSE

Other non-recurring operating income and expense comprises:

- income and expenditure relating to the Group’s property transactions: disposals of properties, development costs and any impairment losses;
- 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:

	31/12/2020	31/12/2019
Proceeds from disposals	181,037	18,441
Cost price of disposals	(161,666)	(10,634)
Reversals of provisions	10,233	1,909
Charges to provisions	(6,712)	(2,838)
Other income	87,601	88,947
Other expenses	(66,404)	(58,786)
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	**44,089**	**37,039**

They mainly comprise the €19 million net gain realised on disposals of real-estate and intangible assets, €58 million (of which, €44 million in negative goodwill) in gains (net of expenses) related to acquisitions as part of business combinations, €31 million of expenses associated with the redevelopment of recently acquired facilities and other development costs, and €3 million of miscellaneous expenses.

3.22 NET FINANCIAL PROFIT

	31/12/2020	31/12/2019
Interest on bank debt and other financial liabilities	(157,784)	(114,931)
Interest on items held under finance leases	(13,608)	(15,949)
Net losses on interest rate derivatives	(28,826)	(28,150)
Financial expenses on lease commitments	(72,608)	(67,076)
Financial expense	**(272,827)**	**(226,107)**
Interest income	386	392
Capitalised financial expenses*	15,782	10,763
Net income on interest rate derivatives		
Financial income	**16,168**	**11,155**
NET FINANCIAL PROFIT	**(256,659)**	**(214,952)**

* *Calculated at an average rate of 3.2% in 2020 on construction in progress.*

3.23 INCOME TAX EXPENSE

	31/12/2020	31/12/2019
Current income tax	(76,256)	(80,820)
Deferred taxes	23,672	(17,790)
TOTAL	**(52,584)**	**(98,610)**

Pursuant to IAS 12, the income tax expense includes the CVAE value-added levy of €27,583 thousand versus €25,751 thousand in 2019.

The *Cotisation Foncière des Entreprises* (CFE) levy is recognised as a recurring operating expense.

Deferred tax assets/(liabilities) break down by type of temporary difference as follows:

	31/12/2020	31/12/2019
Fair value of intangible assets	(575,549)	(499,187)
Fair value of property, plant and equipment*	(588,340)	(428,914)
Capitalisation of finance leases	(159,581)	(138,835)
Temporary differences	(9,460)	(6,043)
Tax loss carryforwards	73,959	54,881
Deferral of capital gains tax on disposals	61	135
Employee benefits	11,485	10,927
CVAE deferred tax**	(3,434)	(4,002)
Financial instruments and other	123,923	77,156
TOTAL	**(1,126,937)**	**(933,882)**

* *Of which €391 million in deferred taxes related to the revaluation of operating 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 fully or jointly-owned operating properties.

Deferred tax assets arising on tax loss carryforwards are recognised if there is a reasonable probability that they will be used in the foreseeable future, based on projections of future taxable income in areas where such losses arose.

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 €576 million at 31 December 2020.

The deferred taxes recognised on the balance sheet break down as follows:

	31/12/2020	31/12/2019
Assets	116,111	93,983
Liabilities and equity	(1,243,048)	(1,027,865)
NET	**(1,126,937)**	**(933,882)**

The difference between the statutory tax rate, i.e. 32.02% in 2020, and the effective tax rate in the income statement, breaks down as follows:

	31/12/2020	31/12/2019
Effective tax rate	**24.82%**	**29.76%**
Permanent differences	1.92%	-1.45%
Business combinations	6.68%	7.80%
Impact of the reduced rate	2.08%	-1.99%
Impact of associates	0.23%	0.58%
Impact of foreign companies	3.22%	0.68%
Other	-0.47%	2.07%
CVAE value-added levy on businesses	-6.46%	-3.02%
STATUTORY RATE	**32.02%**	**34.43%**

4. Additional information

4.1 COMMITMENTS AND CONTINGENT LIABILITIES

4.1.1 OFF-BALANCE SHEET COMMITMENTS

Risks related to debt

	31/12/2020	31/12/2019
Contractual commitments	2,376,746	2,069,900
TOTAL	**2,376,746**	**2,069,900**

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 75% stake in Dagelijks Leven, the following commitments have been exchanged concerning the potential acquisition of the remaining 18.75% of shares:

- ORPEA has received a promise to sell from the other shareholders in tranches from 2019;
- ORPEA has given a promise to buy out the other shareholders in tranches between 1 January and 15 February 2020 and 2021 if the non-controlling shareholders have not exercised their option, then from 2022.

Commitments received

It also holds options to buy real-estate assets currently leased in Belgium.

4.1.2 CONTINGENT LIABILITIES

Overall, management believes that the provisions recognised for disputes involving the Group of which it is aware should be sufficient to cover the risks to which the Group is exposed.

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	
	Classification	Level*	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Held-to-maturity financial assets			**0**	**0**	**0**	**0**
Bonds and negotiable debt securities	Cash and cash equivalents					
Loans and receivables			**1,030,201**	**891,247**	**1,030,201**	**891,247**
Short-term loans	Short-term loan					
Long-term loans	Non-current financial assets	2	37,900	34,560	37,900	34,560
Receivables related to asset disposals	Receivables related to asset disposals in the short term		25,200	20,339	25,200	20,339
Deposits and guarantees	Non-current financial assets	2	46,080	14,437	46,080	14,437
Other receivables	Other receivables	2	687,798	558,429	687,798	558,429
Trade receivables	Trade receivables	2	233,223	263,482	233,223	263,482
Available-for-sale financial assets			**0**	**0**	**0**	**0**
Other						
Financial assets at fair value			**894,128**	**844,033**	**894,128**	**844,033**
Interest rate derivatives		2	5,292	5,292	5,292	5,292
Currency derivatives		2			0	
Open-ended investment funds and mutual funds	Cash and cash equivalents	1	10,380	10,870	10,380	10,870
Cash	Cash and cash equivalents	1	878,456	827,871	878,456	827,871
FINANCIAL ASSETS			**1,924,329**	**1,735,280**	**1,924,329**	**1,735,280**

* *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.

	Classification	Level*	Carrying amount 31/12/2020	Carrying amount 31/12/2019	Fair value 31/12/2020	Fair value 31/12/2019
Financial liabilities at fair value			**244,225**	**173,292**	**244,225**	**173,292**
Currency derivatives	Other payables		969	3,242	969	3,242
Interest rate derivatives	Other payables	2	243,256	170,050	243,256	170,050
Change in the fair value of the entitlement to the allotment of shares embedded in the ORNANE bonds		2	0	0	0	0
Other bonds	Other payables					
Financial liabilities at amortised cost			**8,442,336**	**7,339,639**	**8,506,076**	**7,419,118**
Bonds convertible into, exchangeable for or redeemable in shares	Non-current and current financial liabilities	1	1,461,260	1,273,121	1,525,000	1,352,600
Bank borrowings	Non-current and current financial liabilities	2	5,198,371	4,572,172	5,198,371	4,572,172
Finance lease obligations	Non-current and current financial liabilities	2	882,779	928,109	882,779	928,109
Other payables	Current liabilities	2	589,506	312,455	589,506	312,455
Trade payables	Trade payables	2	310,420	253,782	310,420	253,782
FINANCIAL LIABILITIES			**8,686,561**	**7,512,931**	**8,750,301**	**7,592,410**

* *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 normal 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 €308 million at 31 December 2020;
- advances received by the ORPEA Group from its associates and joint ventures and from related parties amounted to €1 million at 31 December 2020;
- the ORPEA Group leases certain operating properties from related parties within the meaning of IAS 24: Related Party Disclosures. These lease payments amounted to €10 million in the financial year.

BENEFITS GRANTED TO CORPORATE OFFICERS

The total amount of gross remuneration, fees (excluding all taxes) and benefits paid during the 2020 financial year to ORPEA SA's corporate officers was €2,605 thousand, including €70 thousand in directors' fees.

The carrying amount of the shares allotted in 2020 is €1,562 thousand.

4.4 EMPLOYEES

The ORPEA Group had 68,800 employees at 31 December 2020.

4.5 STATUTORY AUDITORS' FEES

Fees paid in 2020 to the Statutory Auditors for the services they provided to ORPEA break down as follows:

	Deloitte & Associés				Saint-Honoré BK&A			
	Statutory Auditor	Network	Statutory Auditor	Network	Statutory Auditor	Network	Statutory Auditor	Network
	2020	2020	2019	2019	2020	2020	2019	2019
Certification and half-year limited review of corporate and consolidated financial statements	**1,305**	**1,925**	**1,280**	**1,456**	**937**	**0**	**959**	**0**
ORPEA SA	1,001	0	982	0	731	0	725	0
Fully consolidated subsidiaries*	304	1,925	298	1,456	206	0	234	0
Services other than the certification of accounts**	**33**	**107**	**33**	**44**	**0**	**0**	**0**	**0**
ORPEA SA	33	0	33	0	0	0	0	0
Fully consolidated subsidiaries*	0	107	0	44	0	0	0	0

* *The controlled entities taken into account are fully consolidated subsidiaries as well as jointly controlled entities once the fees are recognised in the consolidated income statement.*

** *The services provided cover the non-audit services required by statutory and regulatory provisions, along with the non-audit services provided at the Group's request. They correspond primarily to the report of the independent verifier on labour-related, environmental and social information provided for in Article L. 225-102-1 of the French Commercial Code (€33,000) and to various additional certificates and/or reports within the network (€107,000).*

4.6 SUBSEQUENT EVENTS

The Group has continued to expand.

As at 22 April 2021, ORPEA was still taking steps to ensure that the Covid-19 pandemic was under control within its network of facilities.

Given the uncertainty about how long the epidemic will last, it is, however, too early to assess the possible impact on the Group's future financial results.

Regardless of this, based on its estimates, ORPEA does not forecast a material impairment loss on its assets or a revaluation of its liabilities.

On 1 April 2021, ORPEA SA issued a €500 million seven-year public bond with a coupon of 2%.

4.7 CONSOLIDATION SCOPE AT 31 DECEMBER 2020

The main companies involved in ORPEA Group activities and management of its property portfolio are:

Consolidated companies	Percentage control	Percentage ownership	Method of consolidation
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
CASAMIA IMMOBILIARE	100%	100%	Full
ORPEA IBERICA	100%	100%	Full
SL DINMORPEA	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
MEDI-SYSTEM	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

6.2 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2020

To the shareholders of ORPEA,

OPINION

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of ORPEA for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the assets and liabilities, and the results of the Group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

AUDIT

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are stated in the *"Responsibilities of the Statutory Auditors in relation to auditing the consolidated financial statements"* section of this report.

INDEPENDENCE

We conducted our audit in accordance with the independence rules stipulated in the French Commercial Code and French Code of Ethics for Statutory Auditors, between 1 January 2020 and the date on which we issued our report, and in particular we did not provide any services forbidden by Article 5, paragraph 1 of Regulation (EU) No. 537/2014.

JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

The global crisis related to the COVID-19 pandemic has meant that this year's financial statements have been prepared and audited under special conditions. The crisis and exceptional measures adopted in the context of the public health emergency have had multiple consequences for companies, not only for their operations and financing but also for their outlook, which is now less certain. Some of the adopted measures, such as travel restrictions and remote working, have also impacted companies' internal organisation and audit arrangements.

Against this complex and ever-changing backdrop, and as required by 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 what were, in our professional judgement, the main risks of material misstatement in relation to our audit of the year's consolidated financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the consolidated financial statements taken as a whole, prepared as described above, and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

VALUATION 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 including those under construction" and 3.3.2 "Revaluation of operating properties" to the consolidated financial statements.

RISKS IDENTIFIED

At 31 December 2020, the Group's property, plant and equipment had a net value of €6,969 million, or 41% of total assets. 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 real-estate assets in use, management appoints qualified, external property appraisers with a recognised professional credential and experience in the Group's business sectors and geographical regions in which it operates.

All real-estate assets are revalued annually, except for those earmarked for disposal within 12 months of the balance sheet date, those for which a reliable determination of fair value is not possible (primarily properties under construction or redevelopment), and small properties.

Property under construction whose fair value cannot be reliably determined but for which the Group expects the building's fair value to be reliably determined once construction is completed are measured at cost less impairment, if any, until such time as the fair value is reasonably determined or construction is completed.

The fair value of these real-estate 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 real-estate assets' fair value. Market rents are estimated using operating data specific to each facility plus market data. The capitalisation rates applied depend on the location, type of operation and form of ownership of the assets.

Owing to the material value of the relevant assets and 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 revalued 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 property experts;
- cross-checked the information provided by the Group to the appraisers for their valuations (particularly operating data for each facility) against 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 agreed 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 2020 and the quality of the appended disclosures, making sure in particular that Notes 3.3 "Property, plant and equipment", 3.3.1 "Changes in property, plant and equipment including those under construction" and 3.3.2 "Revaluation of operating properties" to the consolidated financial statements provided appropriate disclosures.

VERIFICATION OF INFORMATION RELATING TO THE GROUP PROVIDED IN THE MANAGEMENT REPORT

We also verified, in accordance with the professional standards applicable in France, and as required by statutory and regulatory provisions, the information concerning the Group presented in the management report prepared by the Board of Directors.

We have no comments to make as to its fair presentation and its consistency with the consolidated financial statements.

We confirm that the consolidated statement of non-financial performance provided for in Article L. 225-102-1 of the French Commercial Code is contained in the information concerning the Group presented in the management report, it being stipulated that, in accordance with Article L. 823-10 of the Code, we have not checked the accuracy of the information contained in that statement or whether it agrees with the consolidated financial statements, and that such information must be the subject of a report prepared by an independent third party.

OTHER VERIFICATIONS OR DISCLOSURES REQUIRED BY STATUTORY AND REGULATORY PROVISIONS

PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

Pursuant to paragraph III of Article 222-3 of the AMF General Regulations, the management of your company informed us of its decision to postpone the application of the single electronic reporting format as defined by European Delegated Regulation 2019/815 of 17 December 2018 to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance with this format of 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.

APPOINTMENT OF THE STATUTORY AUDITORS

Deloitte et Associés was appointed as Statutory Auditors 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 2020, Deloitte et Associés was in its 15th year of uninterrupted engagement and Saint-Honoré BK&A in its 13th year of uninterrupted engagement, or 15 and 13 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 treatment of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO 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) 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, 10 May 2021

The Statutory Auditors

Saint-Honoré BK&A	**Deloitte & Associés**
Xavier Groslin	Jean-Marie Le Guiner

7 PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2020

7

PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2020

7.1 ORPEA SA's financial statements at 31 December 2020

ORPEA SA'S INCOME STATEMENT

(in euros)	**31/12/2020**	**31/12/2019**
Revenue	**965,500,629**	**943,200,804**
Production transferred to inventories	(2,972,862)	(3,440,095)
Other operating income	53,040,139	43,928,600
Purchases and other external charges	(393,567,727)	(363,709,412)
Taxes other than on income	(58,302,749)	(55,250,090)
Staff costs	(501,668,745)	(454,092,856)
Depreciation, amortisation and charges to provisions	(28,655,279)	(31,107,120)
Other operating expenses	(2,356,457)	(3,147,873)
Operating income	**31,016,949**	**76,381,958**
Financial income	133,607,928	135,465,835
Financial expense	(135,722,270)	(137,289,875)
Net finance cost	**(2,114,342)**	**(1,824,040)**
Pre-tax profit on ordinary activities	**28,902,607**	**74,557,918**
Net non-recurring items	(3,196,333)	(613,094)
Employee profit-sharing		
Income tax	4,782,337	(13,156,217)
NET PROFIT	**30,488,611**	**60,788,607**

ORPEA SA'S BALANCE SHEET

Assets *(in euros)*	31/12/2020 Gross	31/12/2020 Depreciation, amortisation and charges to provisions	31/12/2020 Net	31/12/2019 Net
NON-CURRENT ASSETS				
Intangible assets	439,857,595	22,875,282	416,982,313	397,415,383
Property, plant and equipment	540,371,200	228,436,166	311,935,034	297,842,078
Financial assets	1,885,790,726	31,271,539	1,854,519,187	1,792,007,675
Total non-current assets	**2,866,019,522**	**282,582,988**	**2,583,436,534**	**2,487,265,136**
CURRENT ASSETS				
Inventories and work-in-progress	26,660,752		26,660,752	14,135,004
Advances and downpayments made	4,620,322		4,620,322	4,909,309
Trade receivables	37,256,322	8,463,276	28,793,046	30,151,572
Other receivables	3,678,304,019	4,663,729	3,673,640,290	3,243,730,226
Marketable securities	4,394,680		4,394,680	4,433,208
Cash	540,032,024		540,032,024	546,251,857
Prepaid expenses	20,803,127		20,803,127	19,489,115
Total current assets	**4,312,071,247**	**13,127,005**	**4,298,944,242**	**3,863,100,292**
Bond repayment premiums	1,820,667		1,820,667	2,255,619
Unrealised foreign currency losses	2,717,578		2,717,578	-
TOTAL ASSETS	**7,182,629,015**	**295,709,993**	**6,886,919,022**	**6,352,621,046**

Equity and liabilities *(in euros)*	31/12/2020	31/12/2019
EQUITY		
Share capital	80,789,156	80,769,796
Share premiums and reserves	724,143,081	663,373,834
Retained earnings		
Net profit for the financial year	30,488,611	60,788,607
Tax-regulated provisions	9,636,790	9,391,664
Total equity	**845,057,638**	**814,323,901**
Provisions for liabilities and charges	**15,025,226**	**12,088,000**
LIABILITIES		
Borrowings and financial liabilities	4,889,351,437	4,424,964,068
Advances and downpayments received	37,846	(167,241)
Trade payables	47,601,857	47,811,185
Tax and payroll liabilities	99,037,957	103,907,884
Other payables	977,248,513	932,155,158
Deferred income	10,949,954	8,934,301
Total liabilities	**6,024,227,563**	**5,517,605,356**
Unrealised foreign currency gains	2,608,595	8,603,789
TOTAL LIABILITIES AND EQUITY	**6,886,919,022**	**6,352,621,046**

NOTES TO THE PARENT COMPANY 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 regulations that subsequently amended it.

Generally accepted accounting principles have been adopted, in accordance with the conservatism principle and based on the following basic assumptions:

- the going concern basis of accounting;
- consistency of accounting policies;
- the accrual principle;

and the general rules for preparing and presenting financial statements.

Historical cost is the basic method used to measure items recorded in the financial statements. 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.

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 "Commercial 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 commercial 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 perpetual 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 2020);
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
- plant and 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 5 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 company'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 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 works.

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.

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 sufficiently 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.

Financial liabilities include short- and long-term borrowings, and property bridging loans, which are bank loans allocated specifically to finance operating properties recently acquired or under construction.

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 euro zone.

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. This 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 organisation structure, the Company carried out mergers of the following subsidiaries during the financial year:

- Le Clos Saint-Jacques;
- Résidence du Port;
- Cuxac;
- Château de Champlatreux;
- Bellevue;
- Maison de Gériatrie et de Retraite Berny;
- Les Grands Pins;
- Résidence Malka;
- Le Clos de Beauvais.

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 2020.

These transactions led to the recognition of technical merger losses amounting to €11.9 million, with losses of €11.6 million allocated to "Other intangible assets" and losses of €0.3 million allocated to "Financial expenses".

1.4 SIGNIFICANT EVENTS OF THE PERIOD

COVID-19 PANDEMIC

Thanks to its resilience, the Company has maintained its level of business on the whole, despite the pandemic.

Additional costs (personal protective equipment, staff bonuses, etc.) were incurred and partly offset by various financial support schemes implemented by local governments.

1.5 SUBSEQUENT EVENTS

The Company has continued its expansion.

On 1 April 2021, ORPEA issued a €500-million seven-year public bond redeemable at maturity with an annual coupon of 2%.

As at 27 April 2021, ORPEA was continuing to take steps to ensure that the Covid-19 pandemic was under control within its network of facilities.

Given the uncertainty about how long the epidemic will last, it is, however, too early to assess the possible impact on the Group's future financial results.

Regardless of this, based on its estimates, ORPEA does not forecast a material impairment loss on its assets or a revaluation of its liabilities.

2. Commentary on the 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	Reclassification	Merger	End of financial year
Set-up costs	25,821					25,821
Concessions, patents	1,420,363	280,010	1,614		25,792	1,724,551
Commercial goodwill	132,833,934	6,182,248	76,225		1,790,727	140,730,684
Other intangible assets	285,532,604	11,766		1,100	11,556,101	297,101,571
Advances on intangible assets	274,968					274,968
TOTAL	**420,087,690**	**6,474,023**	**77,838**	**1,100**	**13,372,620**	**439,857,595**

Amortisation of gross intangible assets broke down as follows:

Amortisation	Beginning of financial year	Increase	Decrease	Merger	End of financial year
Set-up costs	14,058	227			14,284
Concessions, patents	1,309,087	42,205	1,229	23,052	1,373,115
Commercial goodwill	20,248,096				20,248,096
Other intangible assets	1,101,067	138,720			1,239,786
Advances on intangible assets	0				0
TOTAL	**22,672,307**	**181,152**	**1,229**	**23,052**	**22,875,282**

Property, plant and equipment

Movements in gross property, plant and equipment were as follows:

Gross	Beginning of financial year	Increase	Decrease	Reclassification	Merger	End of financial year
Land	13,425,624					13,425,624
Buildings	335,062,886	1,013,610	2,134,991	11,241,657	3,462,830	348,645,991
Plant and facilities	73,379,632	3,427,788	81,577	(99,575)	890,289	77,516,558
Vehicles	691,652		54,712		242	637,180
Property, plant and equipment in progress	22,378,089	118,480,483	91,884,081	(10,636,835)	16,643	38,354,300
Other property, plant and equipment	57,090,871	2,533,735	102,398	(506,348)	2,775,685	61,791,545
TOTAL	**502,028,760**	**125,455,616**	**94,257,759**	**(1,101)**	**7,145,688**	**540,371,200**

Depreciation and impairment of gross property, plant and equipment were as follows:

Amortisation	Beginning of financial year	Increase	Decrease	Merger	End of financial year
Land	6,912	1,067,143	4,364		1,069,691
Buildings	103,514,093	13,411,140	1,189,167	1,691,189	117,427,255
Plant and facilities	61,880,675	2,959,228	72,317	1,311,354	66,078,940
Vehicles	2,831,882	77,694	76	800,025	3,709,525
Other property, plant and equipment	35,953,120	3,388,966	80,688	889,357	40,150,756
TOTAL	**204,186,682**	**20,904,171**	**1,346,612**	**4,691,925**	**228,436,166**

Financial assets

Movements in gross financial assets were as follows:

Gross	Beginning of financial year	Increase	Decrease	Merger	End of financial year
Investments in subsidiaries	1,722,379,318	86,398,554	6,278,151	(11,915,627)	1,790,584,094
Other investments	6,985				6,985
Receivables related to investments in subsidiaries	63,791,126				63,791,126
Loans	13,824,177	1,519,302	42,909	234,113	15,534,683
Other financial assets	23,842,660	7,607	953,686	(7,022,743)	15,873,838
TOTAL	**1,823,844,267**	**87,925,463**	**7,274,746**	**(18,704,257)**	**1,885,790,726**

The change in investments in subsidiaries is derived principally from:

- an increase of €74 million related to capital increases of subsidiaries within the Group;
- an increase of €12 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 appropriation of the technical merger losses.

"Loans" and "Other financial assets" break down as follows:

	31/12/2020	Up to 1 year	Over 1 year
Loans	15,534,683	38,202	15,496,481
Deposits and guarantees	4,193,939		4,193,939
Allocation of technical losses	8,514,216		8,514,216
Treasury shares	3,165,683	3,165,683	
TOTAL	**31,408,521**	**3,203,885**	**28,204,636**

The Annual General Meeting of 29 June 2006 authorised a share repurchase 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 37,469 shares with a carrying amount of €3.2 million were held in treasury at 31 December 2020.

Movements in provisions for financial assets were as follows:

Provisions	Beginning of financial year	Increase	Decrease	Merger	End of financial year
Investments in subsidiaries	31,751,450	276,789		(803,000)	31,225,239
Loans	85,142	265	39,107		46,300
TOTAL	**31,836,592**	**277,054**	**39,107**	**(803,000)**	**31,271,539**

2.1.2 LIST OF SUBSIDIARIES AND INVESTMENTS

Company	2020 revenue	Share capital	Percentage ownership	Percentage ownership	Profit or loss for the last financial year ended	2020 equity	Carrying amount of investments in 2020	
							Gross	Net
SCI Route des Écluses	208,094	303,374	300,340	99%	114,408	3,151,228	303,374	303,374
SCI Les Rives d'Or	41,848	1,524	1,509	99%	2,875	2,000,437	933,755	933,755
SCI du Château	0	1,524	1,509	99%	202,611	8,576,732	1,353,340	1,353,340
SCI Tour Pujols	440,000	1,524	1,509	99%	429,129	3,381,469	1,364,795	1,364,795
SCI La Cerisaie	70,673	1,524	1,509	99%	49,976	2,426,619	47,224	47,224
SCI Val de Seine	897,203	6,300,000	6,238,012	99%	(1,365,600)	(2,435,244)	6,946,798	6,946,798
SCI Cliscouet	949,362	1,524	1,509	99%	614,244	3,484,147	1,494	1,494
SCI Âge d'Or	231,647	2,549,161	2,523,669	99%	16,589	13,099,563	6,234,540	6,234,540
SCI Gambetta	57,160	1,524	1,509	99%	8,075	5,456,768	1,509	1,509
SCI Croix-Rousse	2,494,024	1,524	1,509	99%	925,396	6,582,396	1,509	1,509
SCI Les Dornets	34,215	1,524	1,509	99%	24,725	1,360,008	1,494	1,494
SCI Château d'Angleterre	106,120	1,646	1,630	99%	201,730	9,239,716	1,763,577	1,763,577
SCI Montchenot	832,351	1,524	1,509	99%	588,833	11,921,480	1,286,933	1,286,933
SCI 115 Rue de la Santé	6,335,686	3,300,000	2,970,000	90%	3,175,308	18,283,531	2,970,000	2,970,000
SCI Abbaye	3,765,845	6,000,000	5,400,000	90%	1,397,115	5,046,821	5,743,038	5,743,038
SCI Les Tamaris	2,536,812	1,524	1,509	99%	399,958	2,979,883	1,357	1,357
SCI Passage Victor-Marchand	3,281,843	1,524	1,509	99%	(1,856,571)	(5,438,900)	1,509	1,509
SCI Fauriel	7,177,161	36,200,000	35,843,815	99%	1,951,244	32,111,065	37,455,332	37,455,332
SCI Port Thureau	18,000	1,524	1,509	99%	(98,623)	1,119,542	63,708	63,708
SCI de l'Abbaye	192,941	1,524	1,509	99%	97,228	1,378,150	1,509	1,509
SCI Les Maraîchers	194,452	1,524	1,509	99%	118,785	2,725,345	99,595	99,595
SCI Bosguerard	50,000	1,524	1,509	99%	54,207	1,476,847	1,274,306	1,274,306
SCI Le Vallon	6,979,493	12,000,000	10,800,000	90%	224,013	7,000,372	12,831,856	12,831,856
SCI Brest Le Lys Blanc	7,860,473	16,000,000	15,680,000	98%	326,331	(1,841,579)	15,840,000	15,840,000
SCI Bel Air	121,579	1,524	1,509	99%	(92,544)	(631,103)	335,837	335,837
SAS CLINEA	762,664,502	194,008,608	194,008,608	100%	62,825,799	392,423,356	203,855,563	203,855,563
SARL Les Matines	3,252,824	18,500,000	18,500,000	100%	1,036,042	17,414,894	18,500,000	18,500,000
SARL Bel Air	362,440	1,265,327	1,265,327	100%	180,315	4,643,532	840,604	840,604
SARL Amarmau	30,000	7,622	7,622	100%	(31,324)	(1,261,729)	7,622	7,622
SARL 94 Niort	51,824,284	231,000,000	231,000,000	100%	3,545,683	301,693,466	231,000,000	231,000,000
SARL 95	0	7,700	7,700	100%	(26,348)	(912,741)	7,700	0
SCI Sainte-Brigitte	0	1,525	1,524	100%	(29,999)	(809,706)	1,524	1,524
SARL VIVREA	1,707,000	4,050,000	4,050,000	100%	(78,109)	(701,966)	4,050,000	4,050,000
SA LES CHARMILLES	5,449,611	76,225	74,730	98%	528,104	6,147,374	3,094,117	3,094,117
SCI KOD'S	0	22,650	22,650	100%	(205,517)	408,076	68,116	68,116
SARL LA BRETAGNE	450,475	277,457	277,457	100%	121,281	(1,676,202)	41,300	41,300
SA BRIGE	0	9,200,000	9,200,000	100%	3,606	7,581,781	670,000	670,000
SRLORPEA ITALIA	27,512,704	3,350,000	3,350,000	100%	(9,599,986)	26,142,564	60,087,393	60,087,393
SCI LES TREILLES	30,000	15,245	15,243	100%	53,113	2,507,217	2,363,698	2,363,698

Company	2020 revenue	Share capital	Percentage ownership	Percentage ownership	Profit or loss for the last financial year ended	2020 equity	Carrying amount of investments in 2020	
							Gross	Net
SCI LES MAGNOLIAS	976,114	4,477,400	4,433,360	99%	196,997	79,119	4,474,450	4,474,450
SCI le Barbaras	190,000	182,939	146	0%	147,717	7,254,202	821	821
SARL DOMEA	88,815	100,000	100,000	100%	51,228	189,393	100,000	100,000
SARL 96	2,043,500	7,084,000	6,375,600	90%	1,229,526	12,719,974	20,975,600	20,975,600
SCI BEAULIEU	0	3,049	3,049	100%	(19,917)	(166,062)	30,490	0
SAS LA SAHARIENNE	550,000	1,365,263	1,365,263	100%	(394,324)	(2,343,080)	5,712,440	5,712,440
SARL ORPEA DEV	0	100,000	100,000	100%	(836)	869,051	100,000	100,000
SARL Maison de Louise	0	2,625,000	2,625,000	100%	(209)	263,511	2,625,000	256,220
SARL Maison de Lucile	12,420	3,900,000	3,900,000	99%	43,259	308,272	3,900,000	257,512
SARL Maison de Mathis		4,425,000	4,425,000	100%	9,727	304,820	4,425,000	287,593
GRUPO CARE	10,005,272	63,921	63,921	100%	(9,953,361)	(11,661,692)	20,328,321	20,328,321
DINMORPEA	337,297	5,000	5,000	100%	24,537	231,755	5,000	5,000
SRL CASA MIA IMMOBILIARE	2,156,136	20,000,000	20,000,000	100%	(41,791)	13,927,946	13,089,120	13,089,120
SA ORPEA BELGIUM	11,443,188	131,500,000	131,486,850	100%	19,101,248	244,984,259	115,479,233	115,479,233
SA DOMAINE DE CHURCHILL	279,548	815,012	815,012	100%	(103,481)	14,985,683	12,135,729	12,135,729
SA DOMAINE DE LONGCHAMP	1,541,975	65,026	6,503	10%	616,324	2,927,803	1,414,449	1,414,449
SA LONGCHAMPS LIBERTAS	9,900,374	1,740,000	1,740,000	100%	(1,943,979)	(11,156,793)	554,719	554,719
SA RS DOMAINE DE CHURCHILL	2,486,099	265,039	265,039	100%	87,760	524,862	3,075,311	3,075,311
TRANSAC CONSULTING CORPORATION	0	3,009	3,009	100%	0	10,352	1,823,231	1,823,231
SAS Résidence Saint-Luc	238,607	37,200	37,200	100%	(68,415)	(4,914,316)	2,644,007	0
SARL Benian	0	1,000	200	20%	240	(48,594)	300,200	0
SCI JEM II	20,000	152	137	90%	(6,523)	458,846	883,500	883,500
SARL La Doyenne de Santé	589,000	8,000	4,000	50%	126,060	638,035	1,267,425	1,267,425
SCI Douarnenez	1,114,552	2,000,000	2,000,000	100%	(276,965)	(800,877)	1,980,000	1,980,000
SCI Barbacane	30,000	1,524	15	1%	21,743	1,072,075	15	15
SCI Selika	94,977	10,671	15	0%	(9,928)	5,710,444	15	15
SCI SLIM	0	762	762	100%	4,928	785,969	1,830	1,830
SCI SAINTES BA	1,610,545	1,524	15	1%	380,185	5,544,212	15	15
SCI Les Anes	854,498	2,000,000	2,000	0.1%	(622,266)	(116,388)	2,000	2,000
SARL L'Ombrière	0	8,000	8,000	100%	(40,990)	(1,011,410)	822,027	0
SNC Les Jardins d'Escudie	225,731	4,800,000	4,800,000	100%	(1,531)	(295,554)	5,524,310	5,524,310
SC Les Praticiens	0	87,600	70	0.08%	1,118	70,998	67,009	0
SARL Résidence du Parc	0	18,560	18,560	100%	(38,072)	(105,692)	5,810	5,810
SCI du Fauvet	962,970	3,600,000	360,000	10%	(1,294,421)	(2,262,908)	104,291	104,291
OPCI	0	5,301,885	266,155	5%	3,026,226	0	479,732	479,732
SAS SFI France	0	4,000,000	2,040,000	51%	(222,552)	556,311	23,305,520	23,305,520
SCI Ansi	52,569	22,867	4,573	20%	10,478	5,873,117	40,399	40,399

Company	2020 revenue	Share capital	Percentage ownership	Percentage ownership	Profit or loss for the last financial year ended	2020 equity	Carrying amount of investments in 2020	
							Gross	Net
SNC des Parrans	0	7,622	7,622	100%	(5,757)	(1,036,944)	1,399,856	0
SNC Les Acanthes	0	7,622	7,622	100%	(26,186)	(428,910)	1,468,434	0
SA Le Clos Saint-Grégoire	0	38,173	38,173	100%	(1,591)	1,791,360	4,676,964	4,676,964
SA Immobilière de Santé	9,827,000	7,828,400	3,835,916	49%	9,764,000	70,394,000	13,210,000	13,210,000
SARL DOMIDOM	16,346,318	19,970,100	19,970,100	100%	(845,997)	9,568,515	27,543,657	27,543,657
GCS	NP	100,000	12,500	13%	NP	NP	23,300	23,300
SAS Immo Nevers	132,802	5,000	5,000	100%	(21,462)	4,554,187	5,000	5,000
SCI Castelviel	1,330,732	152	150	99%	(1,065,011)	(5,821,446)	5,192,113	4,428,463
SCI Super Aix	10,262	228,674	162,358	71%	(75,519)	1,664,783	478,537	478,537
SAS Actiretraite Montgeron	0	4,000	4,000	100%	(41,408)	(1,477,025)	746,843	0
SCI Parc Saint-Loup	0	150,000	150,000	100%	(26,178)	(544,710)	149,079	0
SCI Larry	16,233	150,000	150,000	100%	38,657	3,442,158	150,621	150,621
SA China Holding	0	10,000,000	10,000,000	100%	(220,017)	8,615,357	10,000,000	9,269,982
SARL Résidence de Balbigny	0	10,000	10,000	100%	(288)	8,635	10,000	10,000
SARL Résidence Parc de Royat	416,009	10,000	10,000	100%	(448,325)	17,594	10,000	10,000
SARL Résidence Saint-Martial	0	10,000	10,000	100%	(430)	8,960	10,000	10,000
SARL Résidence Marquisat	0	10,000	10,000	100%	(6,255)	9,495	10,000	10,000
SARL Résidence Parc des Noues	0	10,000	10,000	100%	216	8,999	10,000	10,000
SARL Résidence Les Pergolas	0	10,000	10,000	100%	213	8,824	10,000	10,000
SARL Résidence du Lac	0	10,000	10,000	100%	(288)	8,963	10,000	10,000
SARL Résidence Saint-Honorat	0	10,000	10,000	100%	216	8,999	10,000	10,000
SARL Résidence L'Atrium	0	10,000	10,000	100%	(288)	9,210	10,000	10,000
SARL Les Jardins d'Aurillac	0	10,000	10,000	100%	(288)	8,963	10,000	10,000
CEECSH	306,511	438,063,728	438,063,728	100%	434,792	428,370,198	497,490,952	497,490,952
CHINA Co.	654,267	12,534,773	6,392,734	51%	(1,335,477)	4,136,218	6,617,377	2,722,041
Retirement Services Co. Ltd	2,753,614	23,736,335	12,105,531	51%	(2,211,942)	6,058,962	7,751,353	0
MEDI-SYSTÈME	14,966,976	151,745	151,745	100%	1,502,775	33,320,321	43,477,338	43,477,338
SARL Primavera Saint-Marc	2,572,350	100,000	100,000	100%	(378,831)	(5,648,435)	18,001	18,001
Gevea Immo	0	921,300	451,437	49%	23,424	862,806	406,945	406,945
SAS Familisanté	1,782,406	4,851,200	2,787,500	57%	1,859,640	2,273,380	18,771,865	18,771,865
NIORPEA	0	100,000	100,000	100%	(1,864,991)	(4,153,447)	100,000	100,000
ORPEA SUISSE SA	12,140,030	92,130	92,130	100%	(3,228,852)	59,651,369	63,993,829	63,993,829
ORPEA Latam	0	106,381,837	106,381,837	100%	22,053	106,362,900	106,381,837	106,381,837
Gevea Morges 49%	0	92,130	45,144	49%	57,570	149,700	42,281	42,281
Reine Bellevue	(1,282,049)	5,520,000	5,520,000	100%	(5,097,990)	(8,135,907)	5,514,000	5,514,000
SCI Mediter Foncier	0	1,000	1,000	100%	(2,377)	(53,865)	990	990
SIS BRASIL	0	20,000	20,000	100%	(307,637)	(694,513)	45,000,200	45,000,200
SIS Portugal	0	18,600	18,600	100%	(15,467)	(20,112)	45,000,200	45,000,200
Exelus	752,036	60,423	18,127	30%	(794,148)	769,956	2,000,046	2,000,046

Company	2020 revenue	Share capital	Percentage ownership	Percentage ownership	Profit or loss for the last financial year ended	2020 equity	Carrying amount of investments in 2020	
							Gross	Net
Rives Cabessut	0	10,000	10,000	100%	(286)	9,714	10,000	10,000
SCI La Lorraine	0	10,000	10,000	100%	(183,163)	(173,183)	100	100
Jardins de Jouvences	0	10,000	10,000	100%	(43)	9,957	10,000	10,000
Résidence Paul et Lisa Launaguet	3,584,114	105,001	105,001	100%	540,096	1,209,191	8,683,734	8,683,734
SAS VALDOISIENS	0	10,000	10,000	100%	(200)	9,800	10,000	10,000
SAS GDES PLATIÈRES	0	20,000	20,000	100%	(331)	19,669	10,000	10,000
SAS Résidence Gambetta	0	10,000	10,000	100%		10,000	10,000	10,000
SAS Launaguet	0	10,000	10,000	100%	(74,075)	(64,075)	10,000	10,000
FONCIÈRE CLINIPSY 1	0	10,000	10,000	100%	(6,130)	22,506	1	1
FONCIÈRE CLINIPSY 2	0	10,000	10,000	100%	(5,026)	27,928	1	1
AXELTIM	NP	NP	2,960,000	25%	NP	NP	2,960,000	2,960,000
SYNELIENCE	NP	NP	990,000	10%	NP	NP	990,000	990,000
TERRASSES LILAS	0	10,000	10,000	100%		10,000	10,000	10,000
HAUTS DE CROSNE	0	10,000	10,000	100%		10,000	10,000	10,000
ORPEA ASSOMPTION	0	10,000	10,000	100%		10,000	10,000	10,000
ORPEA VILGENIS	0	10,000	10,000	100%	0	10,000	10,000	10,000
RÉSIDENCE DES BÛCHERS	0	10,000	10,000	100%		10,000	10,000	10,000
SCI La Drone	592,542	1,000	1,000	100%	473,492	626,677	61,000	61,000
Other securities							944,591	644,029
TOTAL							**1,790,584,094**	**1,759,358,855**

NP: Not provided.

2.1.3 INVENTORIES AND WORK IN PROGRESS

	Gross at 31/12/2020	Provisions at 31/12/2020	Net at 31/12/2020	Net at 31/12/2019
Small items of equipment and supplies	3,734,966		3,734,966	2,320,611
Property projects in progress	22,925,786	0	22,925,786	11,814,393
TOTAL	**26,660,752**	**0**	**26,660,752**	**14,135,004**

The €22,925,786 in net property projects in progress include borrowing costs incurred over the construction period, which amounted to €677,778, compared with €330,081 at end-2019.

These borrowing costs have been capitalised at an average rate of 3.2%, the same as in 2019.

2.1.4 TRADE AND OTHER RECEIVABLES

	Gross at 31/12/2020	Provisions at 31/12/2020	Net at 31/12/2020	Net at 31/12/2019
Trade receivables	37,256,322	8,463,276	28,793,046	30,151,573
Tax and payroll receivables	24,637,944		24,637,944	74,915,598
Group and associates	3,345,207,209		3,345,207,209	2,904,870,223
Miscellaneous receivables	308,458,867	4,663,729	303,795,138	263,944,406
TOTAL	**3,715,560,342**	**13,127,005**	**3,702,433,337**	**3,273,881,799**

Movements in impairment provisions for receivables were as follows:

	Beginning of financial year	Charges in the financial year	Reversals in the financial year	Mergers	End of financial year
Trade receivables	7,184,950	4,924,372	3,742,855	96,809	8,463,276
Other miscellaneous receivables	4,655,178	478,433	469,882		4,663,729
TOTAL	**11,840,128**	**5,402,805**	**4,212,737**	**96,809**	**13,127,005**

2.1.5 MARKETABLE SECURITIES

Net carrying amount	31/12/2019	Acquisitions	Disposals	Reclassification	31/12/2020
Marketable securities*	4,433,208	0	38,528	0	4,394,680
Employee share issues *(number)*	0				0

* *No impairment was recognised in respect of these accounts as their fair value was higher than 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 for the financial year	Tax-regulated provisions	Dividend payments	Total equity
At 31/12/2019	**64,615,837**	**80,769,796**	**663,373,834**	**60,788,607**	**9,391,664**	**0**	**814,323,901**
Appropriation of net profit			60,788,607	(60,788,607)			0
Other							0
Bonus share allotment plan	15,488	19,360	(19,360)				0
Dividend payments							0
Tax-regulated provisions					245,126		245,126
Net profit at 31 December 2020				30,488,611			30,488,611
AT 31/12/2020	**64,631,325**	**80,789,156**	**724,143,081**	**30,488,611**	**9,636,790**	**0**	**845,057,638**

The share capital stood at €80,789,156 at the end of the year. It consisted of 64,631,325 shares each with a par value of €1.25.

At the initiative of executive management, ORPEA's Board of Directors, at its meeting of 23 April 2020, decided, on an exceptional basis, not to propose the payment of a dividend in respect of the 2019 financial year due to the current situation relating to the Covid-19 pandemic.

Bonus share allotment plan

On 4 May 2017, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 29,514 shares. The allotment was confirmed on 4 May 2019, subject to the satisfaction of performance criteria, and the shares will be subject to a two-year lock-up period.

On 13 December 2017, the Board of Directors approved the introduction of two other bonus share allotment plans for certain employees of ORPEA or its affiliated companies, covering a total of 26,000 shares. The allotment will vest on 13 December 2020 for plan A employees and on 13 December 2021 for plan B employees, provided in both cases that the employees are still with the Group at those dates. A one-year lock-up period will apply to both plans.

On 28 June 2018, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 44,701 shares. The allotment will vest on 28 June 2021 subject to the satisfaction of performance criteria.

On 2 February 2019, pursuant to the delegation of authority granted by the Board of Directors on 28 June 2018, the Chief Executive Officer allotted shares from two other bonus share allotment plans for certain employees of ORPEA or its affiliated companies covering a total of 101,025 shares. The allotment will vest on 2 May 2022 subject to the satisfaction of performance criteria.

On 27 June 2019, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 45,279 shares. The allotment will vest on 27 June 2022 subject to the satisfaction of performance criteria.

On 1 February 2020, the Board of Directors approved the introduction of two new bonus share allotment plans for corporate officers covering a total of 73,032 shares. The allotment will vest on 2 May 2023 subject to the satisfaction of performance criteria.

On 23 June 2020, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 28,374 shares. The allotment will vest on 23 June 2023 subject to the satisfaction of performance criteria.

The shares granted are usually newly issued shares.

The expense recorded in the financial statements for the financial 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 2020.

2.1.7 PROVISIONS

	Beginning of financial year	Merger	Charges in the financial year	Reversals in the financial year (provisions used)	Reversals in the financial year (provisions not used)	End of financial year
Labour disputes	6,255,542	95,426	2,133,643	703,390	1,017,127	6,764,094
Other	5,832,458		3,640,551	1,174,915	36,963	8,261,132
PROVISIONS FOR LIABILITIES AND CHARGES	**12,088,000**	**95,426**	**5,774,194**	**1,878,305**	**1,054,090**	**15,025,227**

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.

2.1.8 FINANCIAL LIABILITIES

	31/12/2020	31/12/2020	31/12/2019	31/12/2019
Borrowings and financial liabilities	4,889,351,437		4,424,964,068	
Financial liabilities maturing in 1 year or less		772,617,562		643,966,739
Financial liabilities maturing in more than 1 year and less than 5 years		2,943,666,103		2,245,892,496
Financial liabilities maturing in more than 5 years		1,173,067,772		1,535,104,833
Trade payables	47,601,857		47,811,185	
Financial liabilities maturing in 1 year or less		47,601,857		47,811,185
Financial liabilities maturing in more than 1 year and less than 5 years				
Financial liabilities maturing in more than 5 years				
Tax and payroll liabilities	99,037,957		103,907,884	
Financial liabilities maturing in 1 year or less		99,037,957		103,907,884
Financial liabilities maturing in more than 1 year and less than 5 years				
Financial liabilities maturing in more than 5 years				
Group and associates	788,545,657		814,049,141	
Financial liabilities maturing in 1 year or less		788,545,657		814,049,141
Financial liabilities maturing in more than 1 year and less than 5 years				
Financial liabilities maturing in more than 5 years				
Miscellaneous liabilities	199,652,810		135,476,867	
Financial liabilities maturing in 1 year or less		158,990,774		91,328,373
Financial liabilities maturing in more than 1 year and less than 5 years		40,662,036		44,148,494
Financial liabilities maturing in more than 5 years				
TOTAL	**6,024,189,717**	**6,024,189,717**	**5,526,209,145**	**5,526,209,145**

New borrowings arranged during the financial year amounted to €1,558 million and borrowings of €1,249 million were repaid.

The "Group and associates" item comprises advances to the Group's subsidiaries.

"Other financial liabilities" chiefly comprise security deposits provided by residents in the amount of €41 million.

Borrowings and financial liabilities

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 H1 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.

The issue fits with the Group's financing strategy, which it initiated in 2012 and involves diversifying its funding sources. After private bond placements, *Schuldscheindarlehen* and *Namensschuldverschreibung* issues, issuing bonds in the public market will further expand its base of credit investors.

Bank covenants

Some loans arranged by the Company are conditional on compliance with financial ratios that are assessed based on the Group's financial liabilities, as shown in the consolidated financial statements prepared under IFRS as adopted by the European Union.

The agreed ratios are as follows:

$$R1 = \frac{\text{consolidated net debt (excluding property debt)}}{\text{consolidated EBITDA – 6\% of property debt}}$$

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 2020, these ratios were at 1.5x and 1.6x, respectively, within the required limits of 5.5x for R1 and 2.0x for R2 at 31 December 2020.

2.1.9 FINANCIAL INSTRUMENTS

At 31 December 2020, the following hedges were in place:

	Notional amount *(in thousands of currency)*	Market value at 31/12/2020 *(in thousands of euros)*
Currency forwards (CHF)	125,943	608
Currency forwards (CZK)	1,826,265	(2,115)
Currency forwards (PLN)	172,550	519
Currency forwards (AED)	2,400	17
Currency forwards (RUB)	50,000	(5)
Currency forwards (USD)	400	7
TOTAL		**(970)**

(in thousands of euros)	Notional value	Market value at 31/12/2020
Effective caps	828,000	(10,077)
Caps with forward start date	500,000	(6,668)
Fixed-rate swaps vs. effective Euribor	2,183,068	(65,868)
Fixed-rate swaps vs. Euribor with forward start date	3,862,000	(113,503)
TOTAL		**(196,116)**

2.1.10 OTHER LIABILITIES

Accrued expenses

	31/12/2020	31/12/2019
Borrowings and financial liabilities	30,879,747	28,028,332
Trade payables	38,934,874	30,531,313
Tax, payroll and miscellaneous liabilities	49,027,527	44,301,318
TOTAL	**118,842,148**	**102,860,963**

Accrued income

	31/12/2020	31/12/2019
Financial receivables	71,365	6,934
Trade receivables	13,635,801	13,622,679
Other receivables	30,466,839	36,035,115
TOTAL	**44,174,005**	**49,664,727**

Prepaid expenses

	31/12/2020	31/12/2019
Operating	1,784,646	1,917,870
Financial	19,018,481	17,571,246
Non-recurring		
TOTAL	**20,803,127**	**19,489,115**

The change was mainly caused by prepaid expenses arising on the bond issues carried out during the year.

Deferred income

	31/12/2020	31/12/2019
Operating	10,949,954	8,934,301
TOTAL	**10,949,954**	**8,934,301**

Unrealised foreign currency losses

	31/12/2020	31/12/2019
Subsidiaries	2,717,578	0
TOTAL	**2,717,578**	**0**

Unrealised foreign currency gains

	31/12/2020	31/12/2019
Subsidiaries	2,608,595	8,603,789
TOTAL	**2,608,595**	**8,603,789**

2.1.11 RELATED-PARTY DISCLOSURES

Entities	Other receivables	Other payables	Other financial income	Financial expense
Wholly owned Group subsidiaries	3,345,207,209	788,545,657	93,897,295	19,687,618
Other subsidiaries	139,716,901	7,663,953	1,183,722	0
TOTAL	**3,484,924,110**	**796,209,610**	**95,081,017**	**19,687,618**

2.2 INCOME STATEMENT

2.2.1 REVENUE

	31/12/2020	31/12/2019
Operation of nursing homes	962,527,767	939,635,840
Disposals of properties	2,972,862	3,564,964
TOTAL	**965,500,629**	**943,200,804**

2.2.2 OPERATING INCOME

	31/12/2020	31/12/2019
Operation of nursing homes	962,527,767	939,635,840
Revenue from operating activities	**962,527,767**	**939,635,840**
Disposals of properties	2,972,862	3,564,964
Capitalised production of properties	975,324	22,208
Production transferred to inventories	(2,972,862)	(3,440,095)
Income from property activities	**975,324**	**147,077**
Other capitalised production	6,531,700	6,819,035
Operating subsidies	11,985,993	110,626
Reversals of provisions and expense transfers	31,673,869	35,644,077
Other income	1,873,253	1,332,654
Other operating income	**52,064,815**	**43,906,392**
TOTAL OPERATING INCOME	**1,015,567,906**	**983,689,308**

2.2.3 EXPENSE TRANSFER

	31/12/2020	31/12/2019
Restructuring and development costs	242,030	1,560,609
Capitalised expenses	5,915,218	4,237,477
Borrowing costs	906,152	10,640,071
Costs related to the public health crisis	8,286,777	
Personnel costs related to the public health crisis	4,684,723	
Insurance payments	759,639	1,991,710
Provident fund payouts	6,205,816	5,644,694
Training refunds	(1,188,252)	961,720
Sickness payouts	213,631	259,696
Capitalised borrowing costs on property projects	347,774	104,094
Miscellaneous	3,198	2,842
TOTAL	**26,376,706**	**25,402,913**

2.2.4 NET FINANCE COST

	31/12/2020	31/12/2019
Interest on bank borrowings and other financial expenses	(79,427,499)	(77,427,719)
Net expense on financial instruments	(28,898,087)	(28,771,637)
Foreign exchange losses	(6,622,889)	(6,324,993)
Provisions for impairment losses on securities	(672,898)	(722,133)
Merger loss	(371,340)	
Other expenses	(2,831)	(5,066)
Income from investments	20,403,651	50,015,488
Net gains on inter-company current accounts	74,778,907	57,836,152
Capitalised borrowing costs	347,774	104,094
Net income from sale of short-term investments	428,311	206,399
Foreign exchange gains	11,792,193	1,412,393
Other income	6,130,367	1,852,981
NET FINANCE COST	**(2,114,342)**	**(1,824,040)**

2.2.5 NET NON-RECURRING ITEMS

	31/12/2020		31/12/2019	
Non-recurring income		**96,733,269**		**83,615,231**
On management transactions	294,286		1,068,770	
of which technical merger gains				
On capital transactions	95,151,721		79,244,029	
of which disposal of financial assets	1,333,000		10,000	
Reversals of provisions and expense transfers	1,287,262		3,302,431	
Non-recurring expenses		**99,929,602**		**84,228,324**
On management transactions	1,683,178		4,028,991	
of which cost of acquisitions			1,560,609	
of which caretaking costs			711,408	
of which property expenses			23,965	
On capital transactions	95,732,413		78,522,050	
of which disposal of financial assets	697,251		10,000	
Non-recurring depreciation, amortisation and charges to provisions	2,514,011		1,677,283	
of which development-related receivables				
NET NON-RECURRING ITEMS		**(3,196,333)**		**(613,094)**

	31/12/2020	31/12/2019
Capital gains and losses on asset retirements	(580,692)	721,979
Restructuring and development expenses	(1,209,699)	(2,693,960)
Provisions for miscellaneous receivables	(981,623)	2,027,371
Accelerated tax depreciation/amortisation	(245,126)	(401,215)
Miscellaneous	(299,640)	(267,269)
Technical merger gain/(loss)	120,448	
NET NON-RECURRING ITEMS	**(3,196,333)**	**(613,094)**

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 2020, the ORPEA tax consolidation group's aggregate taxable income was €89,430,298, including ORPEA SA's tax loss of €1,897,868 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 €4,782,337 in tax income shown in ORPEA SA's financial statements breaks down as follows:

	Before income tax	Income tax	After income tax
Operating income	31,016,949	(7,943,621)	23,073,328
Net finance cost	(2,114,342)	8,483,961	6,369,619
Net non-recurring items	(3,196,333)	845,770	(2,350,563)
Income tax on dividends and other		3,396,227	3,396,227
BOOK PROFIT/(LOSS)	**25,706,274**	**4,782,337**	**30,488,611**

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: €29,362 thousand;
- deductions to be made in future financial years:
  - corporate social solidarity contribution (Organic): €1,529 thousand,
  - exchange difference: €2,609 thousand.

3. Financial commitments and other disclosures

3.1 OFF-BALANCE SHEET COMMITMENTS

FINANCING-RELATED COMMITMENTS

Financial commitments

Contractual commitments *(thousands of euros)*	31/12/2020
Receivables sold not yet matured (Dailly regime, etc.)	0
Pledges, mortgages and other security	75,128
TOTAL	**75,128**

		Payments due by period		
Contractual commitments *(thousands of euros)*	**31/12/2020**	**less than 1 year**	**from 1 to 5 years**	**over 5 years**
Long-term borrowings	4,889,352	772,618	2,943,666	1,173,068
Finance lease obligations	204,029	54,106	147,142	2,781
TOTAL	**5,093,381**	**826,724**	**3,090,809**	**1,175,848**

Finance leases

	Property finance leases	Equipment finance leases
Value at inception of lease	36,620,095	314,929,787
Lease payments during the financial year	4,468,845	49,037,401
Total lease payments in previous financial years	19,422,613	77,712,804
Theoretical depreciation for the financial year	676,319	33,297,567
Accumulated depreciation in respect of previous financial years	4,252,635	77,822,283
Lease payments outstanding – due in 1 year or less	4,580,545	49,525,599
Lease payments outstanding – due in more than 1 year but less than 5 years	8,013,493	139,128,907
Lease payments outstanding – due in more than 5 years	2,780,712	0
Buyout value	4,860,000	169,786

COMMITMENTS TO EMPLOYEES

Lump-sum benefits payable upon retirement calculated using the projected unit credit method totalled €19,691 thousand in 2020, compared with €17,306 thousand at end-2019.

The main actuarial assumptions adopted at 31 December 2020 are as follows:

- salary increase rate: 2% including inflation;
- discount rate: 0.35%;
- retirement age: 65;
- social security contribution rate: in line with 2020 figures.

The amount paid by the Company in lump-sum retirement benefits amounted to €619,111 in 2020.

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.

3.2 EMPLOYEES

At 31 December 2020, ORPEA SA's headcount on a full-time equivalent basis was as follows:

	31/12/2020	31/12/2019
Managers	1,215	1,140
Other employees	10,826	10,806
TOTAL	**12,041**	**11,946**

3.3 BENEFITS GRANTED TO CORPORATE OFFICERS

The total amount of gross remuneration, fees (excluding all taxes) and benefits paid during financial year 2020 to ORPEA SA's corporate officers was €2,605 thousand, including €70 thousand in directors' attendance fees.

The carrying amount of the shares allotted in 2020 is €1,562 thousand.

7.2 Statutory Auditors' report on the parent company financial statements

Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2020

To the Annual General Meeting of ORPEA,

OPINION

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we have audited the accompanying parent company financial statements of ORPEA for the year ended 31 December 2020.

In our opinion, the parent company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at the end of the financial year and of the results of its operations for the year in accordance with French accounting principles.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

AUDIT

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under these standards are described in the section "Responsibilities of the Statutory Auditors in relation to auditing the parent company financial statements" of this report.

INDEPENDENCE

We conducted our audit in accordance with the independence rules stipulated in the French Commercial Code and French Code of Ethics for Statutory Auditors, between 1 January 2020 and the date on which we issued our report, and in particular we did not provide any services forbidden by Article 5, paragraph 1 of Regulation (EU) No. 537-2014.

JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

The global crisis related to the COVID-19 pandemic has meant that this year's financial statements have been prepared and audited under special conditions. The crisis and exceptional measures adopted in the context of the public health emergency have had multiple consequences for companies, not only for their operations and financing but also for their outlook, which is now less certain. Some of the adopted measures, such as travel restrictions and remote working, have also impacted companies' internal organisation and audit arrangements.

Against this complex and ever-changing backdrop, and as required by 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 what were, in our professional judgement, the main risks of material misstatement in relation to our audit of the year's parent company financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the parent company financial statements as a whole, prepared according to the aforementioned conditions, and in the formation of our opinion stated above. We express no opinion on items of the parent company financial statements taken separately.

RISKS IDENTIFIED

Investments in subsidiaries including the associated technical merger losses and related receivables, which are shown on the balance sheet at 31 December 2020 at a net amount of €1,823 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 parameters to be considered according to the relevant investments. Depending on the circumstances, these parameters may be historical figures (equity, for certain entities, or revaluation at fair value of operating licences attached to each company and/or property assets) or forecasts.

Given the material nature and characteristics of the parameters to be considered by management when valuing investments in subsidiaries, we considered that the valuation of investments in subsidiaries and related receivables represented 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 agreed 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 perpetual 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.

Lastly, we checked 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 PARENT COMPANY 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 parent company financial position and financial statements addressed to shareholders.

We confirm that the information relating to payment times, provided for under Article D.441-4 of the French Commercial Code, is accurate and agrees with the parent company financial statements.

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 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 OR DISCLOSURES REQUIRED BY STATUTORY AND REGULATORY PROVISIONS

PRESENTATION OF THE PARENT COMPANY FINANCIAL STATEMENTS TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

Pursuant to paragraph III of Article 222-3 of the AMF General Regulations, the management of your company informed us of its decision to postpone the application of the single electronic reporting format as defined by European Delegated Regulation 2019/815 of 17 December 2018 to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance with this format of the presentation of the parent company 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.

INFORMATION RESULTING FROM OTHER STATUTORY AND REGULATORY OBLIGATIONS

APPOINTMENT OF THE STATUTORY AUDITORS

Deloitte et Associés was appointed as Statutory Auditors 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 2020, Deloitte et Associés was in its 15th year of uninterrupted engagement and Saint-Honoré BK&A in its 13th year of uninterrupted engagement, or 15 and 13 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 PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for preparing parent company 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 parent company financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the parent company 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 treatment of accounting and financial information.

The annual financial statements are the responsibility of the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO AUDITING THE PARENT COMPANY FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND PROCEDURE

Our responsibility is to prepare a report on the parent company financial statements. Our objective is to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 parent company 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 parent company financial statements and assess whether the parent company 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 parent company 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, 10 May 2021

The Statutory Auditors

Saint-Honoré BK&A	Deloitte & Associés
Xavier Groslin	Jean-Marie Le Guiner

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ADDITIONAL INFORMATION

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ADDITIONAL INFORMATION

8.1 Key provisions of the Articles of Association

The following section presents how ORPEA operates (hereinafter referred to as the "Company"), a public limited company (*société anonyme*) with a Board of Directors governed by the French Commercial Code and its implementing decrees and by its Articles of Association, which were not amended in 2020.

The Company's Articles of Association have been updated with the resolutions of the Annual General Meeting of 23 June 2020, the Board of Directors Meeting of 23 June 2020, and the Company's Chief Executive Officer of 13 and 23 December 2020, amending Articles 2 (Purpose), 4 (Registered office), 6 (Formation of capital), 7 (Share capital), and 54-1 (Director representing employees).

The Articles of Association are available on request from the Company's registered office.

The Company was incorporated on 22 May 1995 with a corporate life 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 to any location in France, subject to the decision being ratified by shareholders at the subsequent 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 corporate purpose is:

- creating, developing, acquiring, managing and operating, directly or indirectly, all types of care facilities, post-acute and rehabilitation hospitals, all types of residential facilities for the elderly, all types of residential facilities for disabled people of any age, and all hotel, serviced accommodation and leisure accommodation facilities;
- providing technical, commercial, administrative and financial assistance to all companies whose business activity is directly or indirectly related to the foregoing;
- acquiring, subscribing for, holding, managing, disposing of or contributing shares or other securities in all existing or future companies, and managing all financial investments;
- granting all securities and guarantees to all companies in its group or in connection with the normal activity of any companies of its group;
- incidentally, the purchase, upgrade, exchange and sale after division and/or improvements, as the case may be, of all real estate property complexes owned by the Company;

and more generally, conducting any and all commercial, industrial, financial, real and non-real property transactions that are directly or indirectly related to or likely to facilitate the development of the foregoing activities or any similar or related activities.

8.2 Share capital

8.2.1 CHANGES IN AND OWNERSHIP OF THE SHARE CAPITAL AND VOTING RIGHTS

At 31 December 2020, the Company's share capital stood at €80,789,156.25; it consisted of 64,631,325 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 77,618,135 and the number of exercisable voting rights was 77,580,666. Shares are either in registered or bearer form, at the choice of the shareholder.

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.

The table below shows changes in the share capital, voting rights and their ownership between 31 December 2018 and 31 December 2020.

	31/12/2020[1]				31/12/2019[2]				31/12/2018[3]			
Shareholders	Number of shares	% of the share capital	Number of voting rights	% of voting rights	Number of shares	% of the share capital	Number of voting rights	% of voting rights	Number of shares	% of the share capital	Number of voting rights	% of voting rights
J-C. Marian	-	0.00%	-	0.00%	4,080,420	6.31%	8,160,840	9.86%	3,894,000	6.03%	7,788,000	9.34%
CPPIB	9,374,186	14.51%	18,748,372	22.64%	9,374,186	14.51%	18,567,378	22.42%	9,374,186	14.51%	18,245,038	21.89%
Peugeot Invest Assets[4]	3,261,353	5.05%	6,522,706	7.88%	3,261,353	5.05%	6,522,706	7.88%	3,261,353	5.05%	6,522,706	7.82%
Sofina Group	-	0.00%	-	0.00%	1,298,000	2.01%	2,596,000	3.14%	2,380,000	3.68%	4,760,000	5.71%
Treasury shares	45,142	0.07%	-	0.00%	45,142	0.07%	-	0.00%	39,146	0.06%	-	0.00%
Free float	51,950,644	80.40%	52,347,057	63.22%	46,556,736	72.05%	46,953,106	56.71%	45,637,638	70.66%	46,048,351	55.24%
TOTAL	**64,631,325**	**100.02%**	**77,618,135**	**93.74%**	**64,615,837**	**100.00%**	**82,800,030**	**100.00%**	**64,586,323**	**100.00%**	**83,364,095**	**100.00%**

(1) In 2020, the Company's share capital was increased by €19,360 through the issue of 15,488 new shares following the bonus allotment of shares to some of the company's key managers.
(2) In 2019, the Company's share capital was increased by €36,892.50 through the issue of 29,514 new shares following the bonus allotment of shares to senior executive officers.
(3) In 2018, the Company's share capital was increased by €41,500 through the issue of 33,200 new shares following the bonus allotment of shares to some members of the senior management team.
(4) On 31 March 2021, the corporate name of FFP Invest was changed to Peugeot Invest Assets.

The Company is not aware of any shareholders' agreement or other agreement related to its share capital.

8.2.2 FINANCIAL INSTRUMENTS CONFERRING RIGHTS TO THE SHARE CAPITAL

At the date of the Universal Registration Document, of all the marketable securities giving access to the share capital and financial instruments issued by the Company to date, the total number of common shares that can be fully subscribed or vested, as applicable, stood at 3,701,815 shares, corresponding to a maximum dilution of 5.73% based on the share capital at the date of this Universal Registration Document and of approximately 5.42% on the basis of the fully-diluted share capital.

The table here below summarises all the existing dilutive instruments as well as the potential resulting dilution at the date of filing 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]	3,450,511	5.34%
Option to purchase or to subscribe to shares issued	-	0.00%
Bonus share allotments	251,304	0.39%
TOTAL	**3,701,815**	**5.73%**

(1) If only the new shares were allotted but not a combination of new and already existing shares.
(2) On the basis of share capital of 64,631,325 shares.
(3) Number of shares adjusted to account for the last adjustment of the allotment ratio made on 12 July 2019 in accordance with stipulations provided for in Article 2.6.B.10 under the terms 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

On the occasion 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 1.011 shares for 1 OCEANE (according to the 12 July 2019 adjusted allotment ratio 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 issuing of a maximum number of 3,450,511 new shares if the Company decides to only allot new shares.

STOCK OPTIONS, BONUS SHARE ALLOTMENTS AND EMPLOYEE SHARE OWNERSHIP

Over the past four years, the Board of Directors has approved the introduction of several bonus share allotment plans for the senior executive officers as well as for some members of the executive management team.

The bonus share allotment is contingent on meeting demanding performance conditions and aims 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 bonus share allotments[(1)]	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 11	Plan No. 12
Date of Annual General Meeting	23/06/2016	23/06/2016	28/06/2018	28/06/2018	28/06/2018	28/06/2018	28/06/2018	28/06/2018	23/06/2020
Date of Board of Directors' meeting	13/12/2017	13/12/2017	28/06/2018	28/06/2018	28/06/2018	27/06/2019	28/06/2018	28/06/2018	23/06/2020
Decisions taken by the Chief Executive Officer	N/A	N/A	N/A	01/02/2019	01/02/2019	N/A	01/02/2020	01/02/2020	N/A
Maximum total number of bonus shares that may be allotted	15,250	10,750	44,701	66,105	1,025	45,279	70,315	540	28,374
Vesting date of the shares	13/12/2020	13/12/2021	28/06/2021	02/05/2022	02/05/2022	27/06/2022	02/05/2023	02/05/2023	23/06/2023
End date of holding period	13/12/2021	13/12/2021	28/06/2021	02/05/2022	02/05/2022	27/06/2022	02/05/2023	02/05/2023	23/06/2023
Performance conditions	Revenue and EBITDA[(2)]	Revenue, EBITDA and organic growth[(3)]	Change in ORPEA's share price with dividends included[(4)]	Changes in revenue and NOP[(5)]	Change in ORPEA's share price with dividends included[(6)]	Change in ORPEA's share price with dividends included[(6)]	Changes in revenue and NOP[(7)]	Change in ORPEA's total shareholder return (TSR), increase in net earnings per share and employee satisfaction surveys[(8)]	Change in ORPEA's total shareholder return (TSR), increase in net earnings per share and employee satisfaction surveys[(8)]
Number of shares vested at 31 December 2020	15,250	N/A	N/A	118	N/A	N/A	120	N/A	N/A
Total number of shares cancelled or lapsed	N/A	N/A	0[(9)]	N/A	N/A	6,900[(10)]	N/A	N/A	8,647[(11)]
Bonus shares allotted not yet vested at 31 December 2020	-	10,750	44,701	65,987	1,025	38,379	70,195	540	19,727

(1) *Information concerning Plan No.1 is contained in the 2017 Registration Document (page 249); information concerning Plan No. 2 is contained in the 2018 Registration Document (page 271); information concerning Plan 3 is contained in the 2019 Universal Registration Document (page 271).*
(2) *Performance conditions of Plan No. 4 are detailed in the 2017 Registration Document (page 249).*
(3) *Performance conditions of Plan No. 5 are detailed in the 2017 Registration Document (page 249).*
(4) *Performance conditions of Plan No. 6 are detailed in the 2017 Registration Document (page 156).*
(5) *Performance conditions of Plan No. 7 are detailed in the 2019 Registration Document (page 271).*
(6) *Performance conditions of Plan Nos. 8 and 9 are detailed in the 2018 Registration Document (page 182).*
(7) *Annual growth of revenue and NOP, during the period 1 October 2019 to 30 September 2022, of the scope for which the grantee is responsible (2/3 of the shares) and of the scope to which the grantee belongs (1/3 of the shares).*
(8) *Performance conditions of Plan No. 12 are detailed in this Universal Registration Document (page 198).*
(9) *Pursuant to the remuneration policy approved by the Annual General Meeting of 28 June 2018, Jean-Claude Brdenk was granted 20,435 bonus shares subject to meeting performance conditions.*
On 2 November 2020, in light of Jean-Claude Brdenk's length of service in the company, 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, the Board of Directors decided to propose to the Annual General Meeting scheduled for 24 June 2021 to waive the requirement of continued presence at the Group as prescribed in the Bonus share allotment plan of 27 June 2019 by applying the principle of pro rata temporis. Thus subject to the approval of the above-mentioned Annual General Meeting and the compliance of Jean-Claude Brdenk with the above-mentioned non-compete, non-solicitation, and non-denigration commitments cited above, he may be granted 20,435 bonus shares (100% pro rata) subject to meeting performance conditions.
(10) *Pursuant to the remuneration policy approved by the Annual General Meeting of 27 June 2019, Jean-Claude Brdenk was granted 20,699 bonus shares subject to meeting performance conditions.*
On 2 November 2020, in light of Jean-Claude Brdenk's length of service in the company, 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, the Board of Directors decided to propose to the Annual General Meeting scheduled for 24 June 2021 to waive the requirement of continued presence at the Group as prescribed in the Bonus share allotment plan of 27 June 2019 by applying the principle of pro rata temporis. Thus subject to the approval of the Annual General Meeting as mentioned above, and Jean-Claude Brdenk's compliance with the non-compete, non-solicitation, and non-denigration commitments cited above, he may be granted 13,799 bonus shares (instead of the 20,699 shares mentioned in the foregoing paragraph -- 2/3 prorated) subject to meeting performance conditions. The 6,900 additional shares to which he was initially entitled will lapse as a result of the termination of his corporate duties with effect from 31 December 2020.
(11) *Pursuant to the remuneration policy approved by the Annual General Meeting of 23 June 2020, Jean-Claude Brdenk was granted 12,971 bonus shares subject to meeting performance conditions.*
On 2 November 2020, in light of Jean-Claude Brdenk's length of service in the company, 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, the Board of Directors decided to propose to the Annual General Meeting scheduled for 24 June 2021 to waive the requirement of continued presence at the Group as prescribed in the Bonus share allotment plan of 23 June 2020 by applying the principle of pro rata temporis. Thus subject to the approval of the Annual General Meeting as mentioned above, and Jean-Claude Brdenk's compliance with his non-compete, non-solicitation, and non-denigration commitments cited above, he may be granted 4,324 bonus shares (in place of the 12,971 shares mentioned in the preceding paragraph -- 1/3 prorated) subject to meeting performance conditions. The 8,647 additional shares to which he was initially entitled will lapse as a result of the termination of his corporate duties with effect from 31 December 2020.

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

Yves Le Masne, Chief Executive Officer.

8.3.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I certify 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 distort the scope of its contents.

I certify 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 44 and beyond 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, 12 May 2021

8.3.3 INVESTOR RELATIONS CONTACTS

ORPEA

Yves Le Masne – Chief Executive Officer – Tel.: +33 (0)1 47 75 78 07.

Steve Grobet – General Secretary of Finance – Tel.: +33 (0)1 47 75 74 66 – s.grobet@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 ended 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 VADEMECUM, 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 ending 31 December 2021.

8.4.2 ALTERNATE STATUTORY AUDITORS

Saint-Honoré SEREG

Alternate to Saint-Honoré BK&A
140, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Appointed at the Annual General Meeting of 25 June 2014 for a six-year term ending at the close of the Ordinary Annual General Meeting held to approve the financial statements for the year ended 31 December 2019.

The appointment of Saint-Honoré SEREG as alternate Auditor was not renewed by the Annual General Meeting of 23 June 2020, pursuant to the provisions of Article L. 823-1 paragraph 2 of the French Commercial Code.

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 resigned for personal reasons.

8.5 Public 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 parent company and consolidated financial statements, and its press releases on financial and regulatory matters are available on the Company's website.

ORPEA's legal and financial documents 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 table

The following cross-reference table shows the basic information provided by Annex I of EU Regulation No. 809/2004 of 29 April 2004 with references to the pages of this Universal Registration Document.

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11.2	When an issuer decides to include a new income forecast or estimate, or a forecast or estimate set forth in point 11.1, the statement must express the main assumptions of the forecast or estimate	N/A
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14.5	Potential significant effects on corporate governance	N/A

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