

# Statement by the Board of Directors



## PRELIMINARY FINDINGS OF THE INDEPENDENT ASSESSMENT BY GRANT THORNTON AND ALVAREZ & MARSAL

The firms Grant Thornton and Alvarez & Marsal ["GTAM"], mandated by the ORPEA Board of Directors following the publication of Mr Castanet's book to independently assess the allegations published in this book, have submitted to the Board a document presenting an update on the initial findings of their investigations.

These investigations were conducted without any interference from ORPEA Group management and without having to report to it.

The document was drafted at the request of ORPEA's Board of Directors and is intended to provide an update on the investigations underway, with the limitations of such an exercise in terms of the work still to be carried out. The final investigation report will be submitted to the Board of Directors by the end of the semester.

The in-depth investigations carried out by GTAM, which are still ongoing, primarily entail:

- Visits to nursing homes: 21 unannounced visits have been carried out to date, during which almost 200 interviews were held. Further visits are planned;
- Interviews at the Group's headquarters: 55 interviews held with employees at the headquarters so far, with more planned;
- Document review: more than 44,000 documents collected so far and currently being analysed;
- Transactional analysis: collections of accounting records of the companies concerned by the investigations, for the period 2019 to 2021 and in some cases for the period 2001 to 2018;
- Review of emails and other electronic communication: 5.7 terabytes of data gathered and more than 225,000 targeted emails;
- Analysis of IT systems and structured data: collection of payroll logs, operational schedules, statistics on care and recruitment data for the period 2019 to 2021;
- Business intelligence procedures: 30 due diligence carried out so far on the Group's senior management, suppliers, intermediaries and commercial partners;
- The deployment of an alert platform, published by a specialist company and managed by GTAM, in charge of assessment, has also been open since the beginning of March to allow employees report—anonously if they wish—anything they consider significant.

GTAM have also invited Mr Castanet to meet with them on three occasions by e-mail. He has not responded as yet.

The scope of the investigations entrusted to GTAM is limited to the allegations made about nursing homes in Mr Castanet's book, which may be grouped under four overarching themes, namely: i) the conditions under which residents are cared for, ii) the use of public fund, iii) the existence of situations of conflicts of interest and iv) the existence of failings in social matters.

The investigations, which began on 1 February 2022, cover the period 2019–2021 but may extend to earlier periods for certain allegations that are precisely dated in the aforementioned book. In light of the scale and variety of the allegations, the approach adopted by GTAM has led them to

# Statement by the Board of Directors



implement an approach that meets professional standards, particularly when it comes to the statistical representativeness of their findings. This approach employs significant resources and investigative techniques.

The preliminary findings, as stated by the two firms in their progress report, are as follows:

*“The preliminary findings we describe in this document, subject to further findings which may be identified through the ongoing investigations, lead us to confirm some allegations made in the book. Notably those in respect of financial relations with certain suppliers, erroneous declarations of the use-of-funds statements to the supervisory authorities, non-compliance in awarding fixed term employment contracts, and the use of intermediaries, including a former prefect.*

*However, they do not yet enable us to confirm the existence of a systemic issue in relation to supply shortages for incontinence products or a rationing of food.*

*With regard to allegations of insufficient staff cover for the appropriate care of residents, our findings do not yet make it possible to confirm the existence, over the period targeted by our investigations, of an organised plan to understaff facilities in order to optimise the profits of the Orpéa Group.*

*We note however, that the budgeting process and management set-up present failings of approach and design which, in combination with strong pressure to meet margin targets and limitations over the total payroll of the Nursing Homes, exerts significant pressure on the Nursing Homes leading to regular understaffing.*

*We are continuing our investigations and aim to provide definitive conclusions on as many of the allegations as possible by the end of June.”*

The preliminary findings can be found in their entirety in the progress report by Grant Thornton and Alvarez & Marsal, available at <https://www.orpea-group.com/actualites>.

In light of these preliminary findings by Grant Thornton and Alvarez & Marsal, as well as the findings by the IGAS [*Inspection Générale des Affaires Sociales* — French inspectorate general of social affairs] and the IGF [*Inspection Générale des Finances* — French inspectorate general of finances], the Board of Directors notes that the investigations carried out to date rule out the existence of an organised rationing system for food and hygiene protection products. With regard to the other points, the Board has asked the General Management that, in addition to the corrective measures already adopted and which must be continued, an ambitious plan for improvement and transformation be proposed to it as soon as possible..