



1 March 2022

Additional accusations against Korian following the broadcast of the 'Cash Investigation' Programme

Korian's response

On March 1, 2021, Korian issued a statement in response to the allegations broadcasted in "Cash Investigation" an investigative TV programme in France.

"After the broadcast of the Cash Investigation "EHPAD : l'heure des comptes" programme on Tuesday 1st March on France 2, Korian Group, which operates more than 1,000 post-acute and elderly care facilities across Europe and some home care and assisted living networks, would like to clarify certain matters.

The programme, which criticises Korian France's elderly care facilities on the basis of misleading and inaccurate allegations, relies mainly on statements made by two former employees, one of whom remains anonymous while the other managed a Korian facility until June 2016 and is now involved in a dispute with the Company. This person, who came from Orpea, had already been quoted by journalist Victor Castanet in the section of his book "Les Fossoyeurs" that concerned Korian, to which we contributed by providing detailed answers.

None of the documents and statements referred to in the programme relate to circumstances that are recent, the most recent date from 2016 or 2017, i.e. more than five years ago. They in no way correspond to Korian Group's current methods or organisation, which have undergone major changes since 2016.

The programme also contains a hidden camera sequence, shot in September 2020 by a journalist who was hired to work in a facility and worked there as a carer for three days, having presented a CV claiming that she had 3-year experience (2016-2019) working as a caregiver for elderly people at home. At the time, the facility was suffering staff shortages because of the second wave of Covid-19, and was dealing with the sudden death of its manager a few weeks previously.

Korian condemns the use of such methods, which are particularly deceitful and disingenuous in the circumstances.

Our responses to the main criticisms made in the programme are as follows:

- **Alleged recruitment of unqualified staff members.** Ms Marie Maurice, a journalist for Cash Investigation, was hired as a carer on a fixed-term contract on 5th September 2020, as part of efforts to bolster the workforce in the context of Covid. Given the emergency situation faced by the facility in the context of the resurgence of the Covid-19 pandemic, teams did not check the accuracy of the references provided before hiring the person in question. The journalist then abandoned her position without warning.

- **"Stand-in" carers.** Like all players in this sector, in which the labour market is very stretched, our facilities can employ, on an exceptional basis, carers and medico-psychological support staff as stand-ins for state-qualified Nursing Assistants. The Company has developed a dedicated



education pathway for these staff members to gain recognition for their experience and enable them to obtain the state Nursing Assistant diploma. In 2021, 300 people followed this route to a diploma. The list of employees concerned is also disclosed to the supervisory authorities (regional healthcare authorities and regional councils). For several years, Korian group has been promoting work-study and professional qualification programmes to address the shortage of qualified professionals in occupations relating to care and personal services, and to help its staff members gain promotions. In 2021, 2,700 people out of the Group's 26,000 employees in France benefited from such programmes, and those seeking to gain recognition for their experience had a particularly high pass rate (78% on average including 68% for the Nursing Assistant diploma, more than double the national average of 30%).

- **Staff replacement policy.** Korian encourages facilities to plan ahead to cover scheduled absences across all its roles, both through the recruitment of more permanent staff to provide cover in certain roles (permanent support staff), and through the recruitment of people who regularly work in the facilities on fixed-term contracts. In practice, given pressure in local labour markets and particularly during the summer and Christmas periods, it is not always possible to cover absences fully, especially in the event of unscheduled absences. Facilities take the need for temporary staff into account when preparing their budgets.

- **Procedures regarding medication.** In accordance with applicable regulations, the Group's protocols state that medication can only be administered by nurses with the relevant state qualification. However, in exceptional circumstances, such nurses can delegate the act of administering medication to a qualified Nursing Assistant, however the administration remains under the responsibility of the qualified nurse, in line with Article R. 4311-4 of the French Public Health Code. A list of persons authorised to dispense medicines must be available and regularly updated. Nurses with the relevant state qualification must ensure that Nursing Assistants working under their responsibility have the knowledge, expertise and information required to carry out that task (particularly in the case of new employees and temporary staff). Any breach of these rules represents misconduct that may lead to disciplinary action. Our audit and internal control procedures are particularly strict in this respect.

- As regards the **specific case of the facility featured in the programme**, when its new manager arrived in September 2020 she identified issues in the administration of medicines, particularly relating to traceability. Remedial measures and disciplinary measures, including the dismissal of one staff member for misconduct, were taken. These measures were reported to the regional healthcare authority, showing the effectiveness of Korian's control systems and the total transparency that Korian applies in its reporting with the healthcare authorities.

- **Use of public funding.** Korian facilities receive public funding for their care and dependency care activities, in line with the regulations. That funding amounted to EUR 532 million in 2020 in France, and it is allocated in full to care and dependency care expenditure: the Group makes no profit from these funds. Each year, the Group prepares accounts of Statement of Revenues and Expenditures (ERRD - Etat Réalisé des Recettes et des Dépenses) for each facility, which are then submitted to the price-setting authorities (regional healthcare authorities and regional councils) for approval. These accounts show all expenditure incurred for care and dependency care purposes. As regards personnel costs, the amounts reported correspond to wages and social security contributions as shown by the facility's payroll. In addition, the ERRDs include, firstly sums paid with respect to employment tax, profit-sharing and training costs, and secondly fees paid to self-employed healthcare professionals working in the facility as substitutes. Expenditure in those two categories accounts for around 10% of the total personnel costs reported in the ERRDs. Under no circumstances are other sums added by management control that may artificially inflate that expenditure as the programme alleges.



- **Catering and external purchases.** Korian formally denies that rationing takes place in any form whatsoever. Since 2016, catering has been provided entirely in-house by the Group, with a chef and a dedicated team in each facility. Meals are cooked daily on-site from unprocessed ingredients, with the constant aim of offering high-quality, seasonal food that meets residents' requirements. Menus are reviewed regularly according to a four-week cycle.

- The allegations made in the Cash Investigation programme, i.e. that croutons were removed from the recipe of an onion soup served on Grandparents' Day in February 2016 in order to save money, do not in any way correspond to company policy. The document in question does not specifically relate to the Grandparents' Day menu; it made changes to menus over a three-week period, substituting or adjusting 23 recipes in total. As a result, Cash Investigation's presentation of the document in no way represents the full picture. To illustrate the point, the menus served on the same occasion in 2021 and 2022 are enclosed with this press release.

- **Personal hygiene procedures for residents.** Personal hygiene is ensured daily and more often if necessary, in the same way oral hygiene is generally ensured every morning and evening. This care is carried out in line with the standards and best practices of care established for our facilities.

- **Operating margin targets assigned to facilities.** The Group reiterates that Korian's operating margin (excluding rent) equalled 24.9% of revenue in France in 2020, which represents a net income of around 4% of revenue, and targets an average 26% operating margin (excluding rent). The operating margin figures for 2013-2016 mentioned by the manager in the programme do not correspond to the figures of the facility he was managing between 2013 and 2016, in fact the operational margin of the facility was stable over the four years.

Since 2017, it has invested more than EUR 500 million in modernising and developing its network of nursing homes. It is planning to invest another EUR 600 million in the next four years."

Link to Korian press release:

https://www.korian.com/sites/default/files/documents/01.03.2022_Korian_Information_followingCashInvestigation_EN_FOR_RELEASE.pdf

Media sources:

- "Cash Investigation": le CRJ d'un résident en Ehpad Korian ulcère les téléspectateurs" - *Huffington Post* - 02/03m/2022
- "Cash Investigation dénonce à son tour les manquements des Ehpad privés" - *Agence France Press* - 02/03/2022
- "Cash Investigation" répond au groupe Korian" - *France Info* - 01/03/2022
- "Ehpad privés : l'enquête glaçante de "Cash Investigation" dévoilée ce soir sur France 2" - *Dernière Nouvelles d'Alsace (DNA)* - 01/03/2022