



**KORIAN**

**300m€ October 2021  
Social Bond  
Allocation & Impact Reporting**

October 2022

# 1

## Korian 300m€ social bond key terms

# KORIAN EUR 300M 7-YEAR SOCIAL BOND CHARACTERISTICS

Issuer	KORIAN SA (Ticker KORIFP / Country: FR)
Rating of the Issuer	Unrated
Rating of Notes	Unrated
Status of The Notes	Senior, Unsecured, RegS Bearer dematerialised
Issue Size	<b>EUR 300,000,000</b>
Issue Type	7 Year Fixed
Coupon	2.250%
Pricing date	11 October 2021
Settlement Date	15 October 2021 (T+4)
Maturity Date	15 October 2028
Reoffer Price	99.203%
Net proceeds	<b>EUR 297,609,000</b>
ISIN	FR00140060J6
Law	French
Listing	Global Exchange Market (Dublin)
Clearing	Euroclear France

**Use of Proceeds**      **The Issuer intend to use the net proceeds of the Notes to finance and/or re-finance, in whole or in part, new or existing projects, which may take the form of social investments, assets, capital expenditures or operational expenditures as defined by the Eligible Social Categories, as described in the “Use of Proceeds” section of the offering memorandum and further described in the Issuer’s social financing framework (as amended and supplemented from time to time) available on the Issuer’s website (<https://www.korian.com/en/sustainable-finance>).**

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## The Social Financing Framework



# THE SOCIAL FINANCING FRAMEWORK : A KEY BRICK OF THE KORIAN SUSTAINABLE FINANCE JOURNEY



## Key objectives of Korian Social Financing Framework

1

The Social Financing Framework completes Korian's existing Sustainable Finance Products and **reinforces the alignment between the Group's corporate, CSR and financing strategies**

2

Under this Framework, Korian can issue **Social financing instruments**, including bonds (and private placements), loans and any other Social Financing Instruments

3

The Framework complies with the ICMA **Social Bond Principles 2021** version and the LMA **Social Loan Principles 2021** version



4

The Social Eligible Projects will fall within the **Access to Essential Services** Social Category and will primarily contribute to the **SDG 3**, "Ensure healthy lives and promote well-being for all at all age"



# FRAMEWORK OVERVIEW

## Key Pillars of Korian Social Financing Framework

- In line with the Social Bond and Social Loan Principles, Korian's Social Financing Framework is presented through the following key pillars:

### Use of Proceeds

- ✓ **(Re)Financing of new or existing projects** falling within the Social eligible Categories
- ✓ **Transparent and robust eligibility and exclusion criteria**

### Process for Evaluation and Selection

- ✓ Dedicated **Social Financing Committee** meeting twice a year
- ✓ Responsible for reviewing and **approving the selection of projects**, monitoring the eligible portfolio and **reviewing the annual report** for investors and external verification

### Management of Proceeds

- ✓ A **3-year look-back** and **2-year look-forward period**
- ✓ Net proceeds tracked by a dedicated register and internal monitoring of the allocation of proceeds with a **Bond by Bond approach**
- ✓ **Pending allocation** net proceeds may be **temporarily invested or otherwise maintained in cash and cash equivalents**

### Reporting







- ✓ Korian will prepare an **allocation and impact reporting**
- ✓ To be published **annually until full allocation of the Proceeds**
- ✓ To be made **available on Korian's corporate website** and/or within its Universal Registration Document

### External Review

- ✓ Pre-issuance: **Second Party Opinion from S&P** on the Framework confirming its full alignment with the ICMA Social Bond Principles 2021
- ✓ Post-issuance: **Verification by an external reviewer of allocation of proceeds**

# USE OF PROCEEDS – ELIGIBILITY CRITERIA

Korian Social Financing Framework includes 3 Eligible Categories aligned with the SBP/SLP 'Access to Essential Services' category

	Eligible Categories	Eligibility Criteria	Target Population	Social Objective	
	Long-term care nursing homes	<b>Construction, extension, refurbishment and/or acquisition of eligible nursing homes*</b>	<ul style="list-style-type: none"> <li>• <b>Dependent elderly people</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Increase and / or improve long-term care nursing homes capacity</b> for dependent elderly people</li> </ul>	
	Medical care and clinics	(Re)financing of projects** that provide <b>access to essential medical infrastructure and services</b> including <b>Primary Care, Post-acute, Specialties (including chronic diseases and mental health) and Home Care</b>	<ul style="list-style-type: none"> <li>• <b>People in need of medical care</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Increase and improve medical care capacity</b> for people in need of medical support</li> </ul>	
	Proximity and community services, housing solutions, and digital technologies	(Re)financing of projects that provide <b>access to alternative non-medical services and housing solutions as well as digital technologies***</b> to fragile and elderly people	<ul style="list-style-type: none"> <li>• <b>Fragile people with diminishing autonomy who can no longer live alone or without assistance in their home.</b></li> <li>• <b>Dependent elderly people</b></li> <li>• <b>People in need of medical care</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Increase the access to alternative non-medical services, housing and digital solutions to retain elderly and fragile people autonomy</b> in the context of an increasing longevity challenge caused by accelerated ageing in our societies</li> <li>✓ <b>Improve the daily provision of care to patients and/or foster a safer living environment</b> for patients and fragile people</li> </ul>	

\* Eligible nursing home is defined as a facility meeting the following cumulative criteria:

- ✓ Located in a country where the regulation/ license allows to ensure both the affordability and quality of care
- ✓ Located in a country or region where a significant increase of the number of elderly people is expected by 2030
- ✓ Providing personalised or therapeutic care programmes to fragile people in conditions of optimal quality and safety as evidenced by the implementation of the ISO 9001 certification and Positive Care approach.

\*\* Eligible Medical Care Projects shall meet the following cumulative criteria:

- ✓ Located in a country where the regulation/ license allows to ensure both the affordability and quality of care
- ✓ Located in a country or region where a significant increase of the number of elderly people is expected by 2030

\*\*\* Eligible Proximity and community projects include:

- ✓ Access to multidisciplinary support in the home including home help, nursing services and caring for chronic disease
- ✓ Shared housing solutions complementing traditional nursing homes and providing an alternative solution for fragile people with diminishing autonomy
- ✓ Electronic and digital technologies enabling to improve the daily provision of care to patients and/or foster a safer living environment for patients and fragile people

# USE OF PROCEEDS – EXCLUSION CRITERIA

In addition to the eligibility criteria, Korian defined the below exclusion criteria to ensure a robust, transparent and holistic approach for selecting eligible projects:

## Environment

- × Projects that would not have been subject to any **environmental review** will be excluded.

## Social

- × Assets/projects/services where the **affordability\*** cannot be demonstrated will be excluded.

## Governance

- × any assets bearing **material controversies\*\*** will be excluded from the Eligible assets and will be replaced by another eligible asset on a best effort basis.

\* Affordability will be demonstrated taking into account, among others, public regulation or public financial support, when applicable and relevant.

\*\* Material controversy should be based on reliable source and induce a severe impact.



# PROCESS FOR EVALUATION AND SELECTION OF PROJECTS

## GOVERNANCE OF THE SOCIAL FINANCING FRAMEWORK

### Social Financing Committee Composition

- **Group Chief HR & CSR Officer** and representatives from each of Korian's **CSR, Quality, Financing teams, and CEOs of the countries** where the targeted projects are located.
- **Comprehensive CSR expertise:**
  - **At general management board level** with the Group Chief HR & CSR Officer
  - **Complemented by experts at operational level** including the Group CSR VP in charge of driving and monitoring the ESG strategy

### Roles & responsibilities of the Committee

- Reviewing and **approving the selection of projects**
- **Monitoring the Social Asset Pool** /selected projects
- **Removing** from the Social Asset Pool/selected projects **any projects that no longer meet the eligibility criteria**, and replacing them with new projects as soon as feasible;
- **Reviewing and validating the annual report** for investors and external verification.

## IDENTIFICATION AND MANAGEMENT OF NON-FINANCIAL RISKS

- As part of its **risk management process**, Korian **analyzes its most significant risks to identify those which have a social, environmental or labour dimension** and are likely to affect the Group, its activities, its performance, its stakeholders or the environment
- For each of the **5 Pillar of its ESG strategy**, Korian has:
  - ✓ **identified non-financial risks and sub-risks,**
  - ✓ **put in place policies and actions to manage these risks and**
  - ✓ **set Key Performance Indicators (KPIs) to monitor them.**

# MANAGEMENT OF PROCEEDS & REPORTING

## MANAGEMENT OF PROCEEDS

- ✓ A **3-year look-back** and **2-year look-forward period**
- ✓ Net proceeds tracked by a dedicated register and internal monitoring of the allocation of proceeds with a **Bond by Bond approach**
- ✓ **Pending allocation** net proceeds may be **temporarily invested or otherwise maintained in cash and cash equivalents**

## REPORTING

- ✓ **Within one year from issuance** of any Social Financing Instrument **and annually until full allocation**
- ✓ The information will be made **available on Korian's corporate website and/or within its Universal Registration Document**
- ✓ **Korian commits** on a best effort basis **to disclose the key underlying methodology and/or assumptions used** in the quantitative determination of the impact metrics **and will strive to provide projected metrics to illustrate the expected benefits generated by the eligible projects**

### Allocation reporting

- The total **amount of proceeds allocated**;
- The **share of financing vs refinancing**;
- The **number of projects**;
- The **balance of unallocated proceeds**.

### Impact reporting

#### Eligible Categories

#### Example of relevant impact metrics

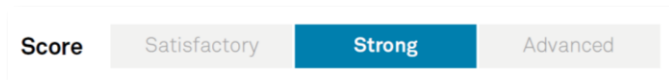
Long-term care nursing homes	<ul style="list-style-type: none"> <li>• Number of facilities</li> <li>• Number of beds</li> <li>• Number of beneficiaries</li> <li>• Net satisfaction score (in %)</li> </ul>
Medical care and clinics	<ul style="list-style-type: none"> <li>• Number of facilities</li> <li>• Number of beds or capacity</li> <li>• Number of beneficiaries</li> <li>• Split of beds or capacities by specialty when relevant and feasible</li> </ul>
Proximity and community services, housing solutions, and digital technologies	<ul style="list-style-type: none"> <li>• Number of facilities, beds or agencies as applicable</li> <li>• Number of beneficiaries</li> <li>• Number of jobs created or generated when relevant and feasible</li> </ul>

# EXTERNAL REVIEW

## PRE-ISSUANCE: SECOND PARTY OPINION

### S&P Global Ratings

- S&P confirmed the Framework alignment with the ICMA Social Bond Principles 2021 and the LMA Social Loan Principles 2021
- First Framework to receive a “Strong” scoring across all the pillars of the Framework assessment\*:
  - ✓ the Use of proceeds
  - ✓ the process for Project evaluation and selection
  - ✓ the reporting
- Being the best outcome seen across SPOs issued as of October 15<sup>th</sup> 2021 by S&P highlights the robust and advanced credentials of Korian’s Framework and the social benefits generated by the eligible projects.



## POST-ISSUANCE: ALLOCATION REPORTING VERIFICATION

- An independent external party will verify the internal tracking method and allocation of funds,
- confirming that an amount equivalent to the net proceeds of the Social Bond/Loan have been allocated in compliance with all material respects of the eligibility criteria set forth in the Social Financing Framework.

\* Since S&P established its scoring methodology.

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## Allocation reporting

# ALLOCATION REPORTING

Based on the criteria for project eligibility, the Korian Social Financing Committee has voted to allocate the 300m EUR October 2021 Social Bond proceeds to 6 projects falling under the 3 Eligible Social categories defined in the 2021 Social Financing Framework

ALLOCATION METRICS	Total net proceeds from the Bond	297,609,000 EUR
	Total amount of net proceeds allocated	297,609,000 EUR
	Financing vs. Refinancing	100% Refinancing
	Number of projects	6 of which 2 Long-term care nursing homes, 3 Medical Care and clinic and 1 Proximity and community services
	Balance of unallocated proceeds	0 EUR



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Impact reporting

# PROJECT N°1 : BOOST PROGRAM

## Extensive renovation of nursing homes under the BOOST program

- Since 2018, Korian has started **BOOST**, an **extensive renovation program** of its facilities with the objective to **cover ~50% of the French nursing homes portfolio by 2024**
- The aim is to create user-friendly spaces and **improve the living environment for our residents as well as the working environment for our employees**
- Renovations have been designed with the objective to create a pleasant atmosphere that is conducive to **Korian's Positive Care approach**, so that residents enjoy a friendly and familiar environment that stimulates or compensates for their capacities



## Relevant sustainability Features

- Renovations are carried out with **supplies and products purchased in France** and made from **environmentally sustainable materials**. With working companies close to the facilities
- Waste from construction sites sorted and recovered for **recycling**
- Collaborations with **inclusion companies** for works or removals
- Specific **collaboration criteria** such as **communication, benevolence of workers towards residents** and teams, **vigilance on working hours** and **cleanliness of work sites**

## Eligible Category

- **Access to essential services: Long-term care nursing homes**



## Impact Metrics

- **Nearly 1,800 rooms at 75 facilities renovated in under two years 2020 and 2021**
- 4,000 bedrooms renovated on 90 sites at the end of 2021 since the beginning of the program in 2017
- Deployment of a new tranche of the "Boost" renovation program on the nursing home network in France, with 25 projects underway
- **87% of the Boost bedroom under renovation is produced in France** (flooring, furniture, fittings, paint, curtain making, etc.).
- Satisfaction questionnaire includes the question : « Are you satisfied with the building to provide a warm and welcoming atmosphere ? » Results were **8.1/10 for the Nursing Homes and 8.3/10 in the Clinics concerned by the Boost renovation.**
- Objective: 100% of facilities ISO 9001 certified by 2023

## SDG Contribution



# PROJECT N°2 : VILLA CARLA AND VILLA SILVANA IN ITALY

## Acquisition of nursing homes

- In July 2019, acquisition of a mixed platform (nursing home, rehabilitation and day care) located in Aprilia (Lazio region), 38 km from south of Rome, in a residential and quiet district
- Inauguration of a new residential nucleus with 20 beds in April 2022 which aims to **strengthen our positioning as a multiservice center** capable of offering multiple quality services to the Pontine community (senescence and disability, medical and nursing assistance, hospitality and functional recovery services)



## Relevant sustainability features

- Prestigious residential structure that adopts the most modern technologies for the best use of the resources made available to the guests

## Eligible Category

- **Access to essential services: Long-term care nursing homes**



## Impact Metrics

- 2 facilities
  - 1 nursing home (Villa Carla) with **100 beds and 10 day care seats**
  - 1 mixed facility (Villa Silvana) with **163 nursing home beds and 40 rehabilitation beds**
- **c.200 beneficiaries per year**
- Good quality of service with **52 NPS\*** score at Villa Carla and **33 NPS** at Villa Silvana (in line or above Group NPS at 34)
- Both facilities are **ISO 9001 certified**

## SDG Contribution



\* The calculation of the NPS (Net Promoter Score) corresponds to the share of promoters (scores 9 and 10/10) less the percentage of detractors (scores from 0 to 6/10).

# PROJECT N°3 : ITA SALUD MENTAL IN SPAIN

## Acquisition of Ita Salud Mental

- Acquisition of the **third largest mental health platform** in Spain, **Ita Salud Mental**, in June 2021
- Will enable Korian to be present across Spain to develop its different service offerings **to provide adapted care for different conditions**
- **Approx. €50 million in revenue** in 2021, with a positive contribution to the Group's margin
- **High embedded growth potential (around 15% average annual growth until 2024)**
- It is estimated that over **3 million people** in Spain require **mental health care** and that this figure is set to continue to rise significantly in the next few years, with a **rising demand for inpatient and outpatient care**



## Relevant sustainability Features

- **Highly reputed company with renowned expertise** in eating, behavioral and border disorders, ND, General Psychiatry, in adolescents, young people and adults. In the fields of teaching and innovation, **with partnerships with leading universities** (University of Barcelona, Central University of Catalonia and University of Valencia) **and start ups ups** in order to improve the outcomes of our treatments and therapies and to improve the patient experience

## Eligible Category

- **Access to essential services: Medical care and clinics**



## Impact Metrics

- **36 facilities** present in the largest Spanish urban centres (Madrid, Barcelona and Valencia)
- 21 clinics and care facilities with **c,900 beds** and more than **600 patients** beneficiaries per year
- 15 consultation and day hospitalization centres with a yearly capacity of **250,000 patients served**
- Excellent quality of service with 70 NPS\* score
- **Two thirds** of the Ita network has an **ISO 9001 quality certification**

## SDG Contribution



\*ITA's NPS figures date from prior to the acquisition. They will integrate also the annual NPS survey for the Group from 2023.



# PROJECT N°4 : 5 SANTE IN FRANCE

## Acquisition of 5 Santé

- Acquisition of the leader in respiratory diseases in France in February 2020
- New step to strengthen Korian's expertise on the respiratory, addictology, cardiology and neurology segments
- Opportunity to upgrade the rest of the network thanks to innovative patient interface deployed by 5 Santé
- Opening of Clinique du Souffle Le Pontet in November 2020 (relocation of a 85 beds clinic) and refurbishment of Gustave Zander in progress



## Relevant sustainability Features

- Medical research was accelerated with the DRIS (department of research and innovation in health). Since 2020 7 cooperation agreements with universities (Université de Montpellier, Université de Lyon...) and public establishments were signed (EuroMov Digital Health in Motion, PhyMedExp and L-VIS).
- La Clinique du Souffle facility is based on the best environmental criteria (thermal insulation, green roof) as well as innovative medical equipment's (technical platform, functional evaluation laboratory and well-being areas)

## Eligible Category

- **Access to essential services: Medical care and clinics**



## Impact Metrics

- **6 clinics with 450 beds and 100 seats** (day care)
- 5 clinics specialized in the rehabilitation of patients suffering from **respiratory diseases** and 1 in **addictology** with 68 beds
- Development of a new specialty to treat long term covid effects
- **6,500 beneficiaries** per year
- Good quality of service with **39 NPS** score \*
- Development of Korian at national level on medical research. **40 scientific publications in 2022** in comparison with 18 in 2020
- In the scope of ISO 9001 certification for 2023

## SDG Contribution



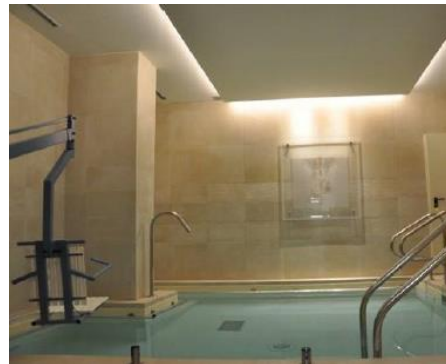
\* The calculation of the NPS (Net Promoter Score) corresponds to the share of promoters (scores 9 and 10/10) less the percentage of detractors (scores from 0 to 6/10).



# PROJECT N°4 : SANEM IN ITALY

## Acquisition of SANEM

- In June 2019, acquisition of a group of **four outpatient diagnostic and testing centres in Rome**
- These facilities offer **private and accredited health care services** including ambulatory medical rehabilitation, radiology, testing and specialized ambulatory services
- Korian is thus offering ever more services to the inhabitants of Rome and continues **to strengthen its network of quality establishments in Italy**



## Relevant sustainability Features

- The multidisciplinary healthcare teams work according to a method that places the patient at the heart of their organization, in order to offer **personalized care** adapted to the needs of each of them, **in line with Korian's "Positive Care" approach**
- Korian acquired a **new MRI machine** recently that allows to double the number of examinations compared to the traditional device, with half of the electric consumption as it much more efficient and therefore energy-saving and which works with a paltry quantitative of helium (7kg compared to 1200kg of a traditional machine)

## Eligible Category

- **Access to essential services: Medical care and clinics**



## Impact Metrics

- **4 centres** (Delle Valli, Serenissima, Medical House Vigne Nuove and Sanem 2001)
- **100% outpatient center**
- **c.100,000 registrations per year**
- **The group services include :**
  - Outpatient medical rehabilitation
  - Diagnostic imaging
  - Laboratory analysis
  - Medical examinations
- All the centres are **ISO 9001 certified**
- *NB: continuous improvement of the NPS (Net Promoter Score) perimeter. Clinics should be part of the scope in 2023.*

## SDG Contribution



# PROJECT N°6 : PETITS-FILS IN FRANCE

## Home Care Services: Petits-Fils

- In 2018, Korian accelerated its expansion of **home services** with the purchase of **Petits-Fils network** (senior care services: assisted living, assistance with meals, housekeeping services and more)
- Petits-Fils is now the **leading French private home care network** for elderly people with loss of autonomy, which is present in more than 200 cities and catchment areas.



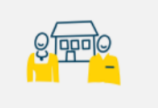
▲ Partnership with the French Red Cross for the certification of caregivers. Objective of 1,000 auxiliaries certified by the French Red Cross in 2022.

## Relevant sustainability Features

- Increase the access to **alternative care services to retain elderly and fragile people autonomy** in the context of an increasing longevity challenge caused by accelerated ageing in our societies
- Home services foster health and wellbeing of elderly and fragile people by **contributing to improve their living conditions including through better nutrition and personal care**

## Eligible Category

- **Proximity and community services, housing solutions, and digital technologies**



## Impact Metrics

- **241 agencies**, including 27 created in 2022. objective of **300 agencies by 2025**, mainly by expanding into medium-sized cities
- More than **20,000 people supported per year**.
- **8,000 jobs created** since 2017, including 6,000 auxiliaries. **36th in the ranking of companies that have recruited the most in France** (2022 ranking published by Le Figaro). Objective to create 2,500 jobs in 2022
- Partnership with the French Red Cross for the certification of caregivers. **600 auxiliaries certified** as of today. Objective of **1,000 auxiliaries certified by the end of 2022**
- **97% customer satisfaction score** for the second consecutive year \*

## SDG Contribution



# 4

**External  
verification**

# AUDITORS VERIFICATION

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In line with its Social Financing Framework Korian has asked its auditors Mazars and E&Y to perform the verifications regarding the internal tracking and allocation of funds as reported in this reporting.

The auditors attestation is available in the Sustainable Finance section of the Korian website together with the Allocation and Impact Reporting.



**KORIAN**



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