



KORIAN
Le soin à cœur

Korian Green Bond Framework

May 2021

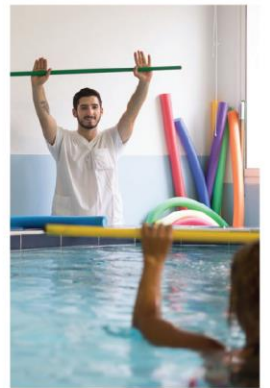


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1. INTRODUCTION

Korian is a leading listed European Care Services Group for elderly and fragile people. In addition to our network of long-term care nursing homes, Korian provides a wide variety of residential solutions and services, including assisted living facilities, shared housing and care communities through our Ages&Vie homes, and home assistance and care services via for example, the Petits-fils network in France. We are also a leader in the fields of healthcare services through our consultations, post-acute care clinics and mental health facilities.

Korian operates in seven European countries (France, Germany, Italy, Belgium, Spain, Netherlands, and the United Kingdom), with more than 1,000 facilities at the end of 2020, including an owned real estate portfolio valued at €2.7Bn. The Group has 57,500 employees, including 26,000 in France.

We are dedicated to fulfilling the same mission across all of our business lines: to provide care and support for fragile people because of their old age or health condition. Our teams, women and men, are deeply devoted to this mission and are acutely aware of what it requires, in terms of empathy, intimacy, dialogue and professionalism. Our mission is the cornerstone of our professional commitment. It has provided us with support and guidance during the worst periods of the Covid-19 pandemic. It permeates our corporate culture and our three core values: Trust, Initiative and Responsibility.

2. SUSTAINABILITY

OUR VISION

The social and societal nature of Korian's business means we play a special role in society, due to our heightened sense of responsibility felt by all the company's staff to meet the major challenges arising from the ageing of the European societies in which the Group operates.

Korian's corporate mission goes to the heart of the challenges facing society: *"Provide care and support to ageing and fragile people and their loved ones, respecting their dignity and contributing to their quality of life."* This profound purpose, which informs the Group's values, is the core tenet of our corporate project, "In Caring Hands" and is brought to life by Korian's 1,000 facilities in Europe, which are well rooted in their communities and in touch with the social and environmental realities of their countries.

THE FIVE PILLARS OF OUR ESG STRATEGY

Korian defined the five pillars of our ESG strategy in 2019. These components are integrated as a manifestation of Korian's desire to contribute positively to society everywhere the Group operates and to meet the needs of our stakeholders.

To clarify our responsible actions and commitments to our stakeholders, the Group has defined 15 quantified ESG commitments for the five ESG pillars described below. For each of them, it has defined medium-term objectives, most of which are to be met by 2023.

THE 5 PILLARS OF KORIAN'S ESG STRATEGY

	THE 15 ESG COMMITMENTS FOR 2023	2019 RESULTS	2020 RESULTS
1 Provide CARE EXCELLENCE whilst ensuring DIGNITY and CHOICE	"Positive Care" deployed to 100% of facilities	72%	66%*
	ISO 9001 certification of 100% of facilities	8%	11%
	One mediator per country and definition of a Client Care Charter	-	In place in Netherlands In progress in France
2 Be the EMPLOYER of choice	Reinforce average tenure	6.7 years	6.9 years
	8% of staff in professional certification programmes	4%	8%
	50% of women in Top Management (+10%)	46%	47%
3 Contribute to finding INNOVATIVE SOLUTIONS for a MORE INCLUSIVE SOCIETY	1% of Group net result dedicated to philanthropic actions	€0.6 M	€1.4 M
	One Stakeholder Council in each country	France	France, Italy, Belgium, Netherlands
	5 scientific publications per year	5	18
4 Be a COMMITTED and RESPONSIBLE LOCAL PARTNER	70% of purchases made locally and 20% from small businesses	73%	80%
	100% of sites engaged in a project with their local community	40%	97%
	Local Community and Family Committees in 100% of facilities by 2023	50%	87%
5 Reduce our ENVIRONMENTAL FOOTPRINT	3% reduction in energy consumption in 2020	-	- 6.4% (MWh/bed)**
	5% reduction in residual waste production	-	European diagnostic completed
	All new buildings certified HQE or equivalent***	50%	70%



* Training programmes in new entities have been postponed to 2021 due to Covid-19.
 ** Energy: Electricity, natural gas, fuel oil, propane. Scope: France, Belgium, Italy.
 ***The data reported in 2019 and 2020 correspond to the share of HQE and equivalent real estate projects in the pipeline.

KORIAN'S COMMITMENT TO PROVIDING CARE EXCELLENCE WHILST ENSURING DIGNITY AND CHOICE

Our foremost responsibility is to provide care excellence whilst ensuring dignity and choice for all and strengthening or maintaining autonomy; this is achieved through a care philosophy that begins with the person and their needs and respects their expectations – that is the Positive Care approach.

- It is also attained through the capacity to support care recipients and caregivers in choosing the care solution that is right for them
- Freedom of choice for fragile persons and their families requires the progressive development within living areas of a diversified range of service and support solutions and the deployment throughout the network of a Resident and Patient Care Charter to ensure that all Korian teams have the know-how and have been trained to assist residents, patients and families
- The autonomy of our residents and patients is supported by our Positive Care approach which emphasises the abilities and wishes of residents and patients and includes a wide array of non-drug therapies. Each of the Group's sites is receiving training on this approach, which was developed in France and Italy, with the goal of on-boarding 100% of sites by 2023
- The promise of irreproachable quality in all our sites will be measured through the implementation of the ISO 9001 quality standard with the objective of certifying 100% of sites by 2023. Some 15% of sites will be certified at the first stage in mid-2021, then 50% of sites in 2022 and 100% of sites certified in 2023. The "360° quality" vision will be complemented by the integration of quality measures and initiatives aimed at residents/patients, families and employees in a joint approach that guarantees operational excellence

KORIAN'S COMMITMENT TO BEING AN EMPLOYER OF CHOICE

“Be the employer of choice” is our priority to offer a rewarding work setting for the Group's 57,500 employees (82% of whom are women and 57% of whom are care staff) in their daily activities, throughout the year, to maintain a constantly high level of care quality.

We are focused on strengthening the social contract that binds us to our teams by ensuring they have a safe, healthy work environment, by reducing workplace accidents and the resulting absenteeism, by helping to improve permanent employment through more stable work organisations, better needs-based recruitment planning and enhanced employee loyalty, everywhere in Europe. This vision also requires a managerial model embodied by our Facility Directors and their teams, who are the cornerstone of the network.

In concrete terms, our commitments are to:

- Maintain or increase average employee tenure
- Invest in qualifying training
- Increase the number of women who are senior managers to reach a 50% ratio

We will measure the progress of all of these priorities through our employee commitment questionnaires which, since 2020, are sent out annually.

KORIAN'S COMMITMENT TO INNOVATIVE SOLUTIONS FOR A MORE INCLUSIVE SOCIETY

Our expertise in the field of caring for elderly and fragile individuals entrusts us with a unique role in society and in caregiving services.

The Korian Foundation for Ageing Well conducts fundamental research and experiments in conjunction with a network of academic and scientific partners in four areas of interest: maintaining independence, prevention as an active tool to preserve independence, the social utility of the elderly, and solidarity, especially toward women on low incomes and youth from disadvantaged neighbourhoods. In line with these topics, Korian participates actively in the “collectif des 35” French enterprises which are jointly committed to a programme to create employment opportunities for young workers through apprenticeship and continuing education and to provide job placement assistance.

CONCRETELY, IN THE COMING YEARS:

- We wish to continue supporting scientific research and our goal is to support at least five publishable research projects, through our Foundation network
- We pledge to set up a Stakeholder Council in each country, in addition to France
- We pledge to set aside at least 1% of our annual net profit for research and philanthropic pursuits

KORIAN'S COMMITMENT TO BEING A COMMITTED AND RESPONSIBLE LOCAL PARTNER

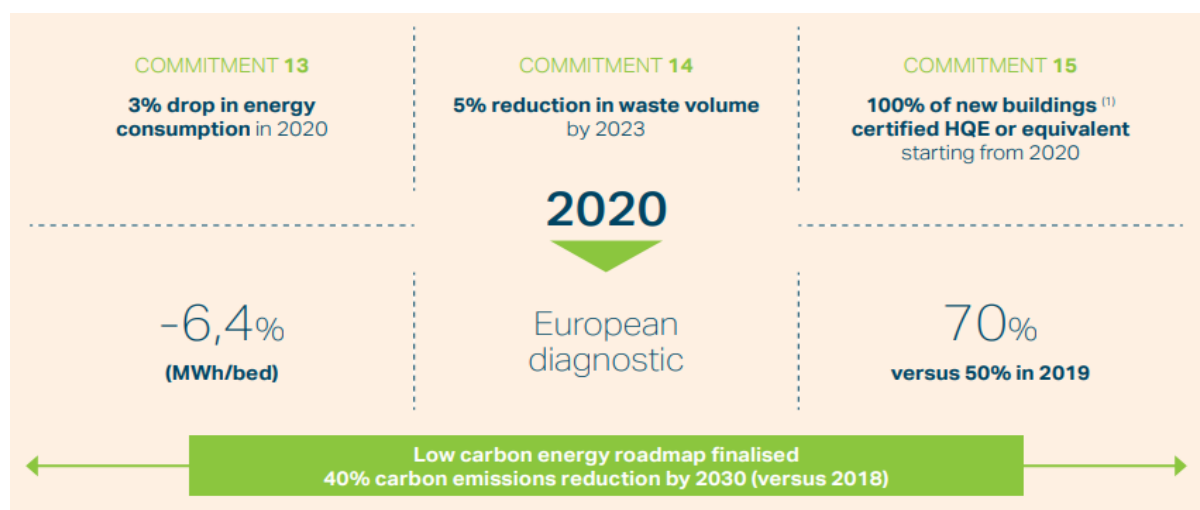
Our expertise in the field of caring for elderly and fragile individuals entrusts us with a unique role within the local communities where we operate: we believe that we play a very active role in the regions as a creator of stable, sustainable and inclusive employment and as participants in local public health policy.

Our facilities are woven into the fabric of society because of the nature of our work, our in-house and mobile care teams, and the local interactions they spark between generations. Many Korian facilities are deeply involved in the life of their communities through associations and tangible projects, and through the Social Life Councils set up to foster a dialogue between city government, care centres, and families. Our facilities also contribute to their local economies.

Mindful of this role, we have made the following commitments:

- 100% of sites engaged in a project for their community
- Social Life Councils at 100% of sites
- At least 70% of purchases of goods and services done locally and at least 20% from SMEs

KORIAN'S COMMITMENT TO REDUCING OUR ENVIRONMENTAL FOOTPRINT



We have nearly 1,000 sites in Europe which thoroughly cover both rural and urban regions. As a result, buildings and construction activities have an environmental and carbon footprint that must be controlled through the optimisation of water and energy consumption and a proactive waste management approach.

In 2019 we carried out a carbon footprint analysis at Group level, based on 2018 data, which serves as a starting point for understanding all the aspects of our carbon impact.

Based on that audit, we are drawing up a roadmap that enables us to work towards a 40% reduction in greenhouse gas emissions by 2030 and the COP target of -1.5°,

¹ Certified or certifiable

through several key action items: optimising the energy consumption of our assets, reducing food waste and decarbonate other services and goods. It also includes limiting our waste production.

An initial objective to reduce energy consumption in 2020 by at least 3% in France, Belgium and Italy has already been defined and achieved.

To this end, a Group Technical Unit was formed under the Group Real Estate and Development Department to steer improvements in the levels of greenhouse gases emitted by the Group's real estate.

In addition, sensitisation programmes are being deployed throughout the Group to raise awareness on food waste, energy and waste management and better ways to address the carbon impact of employee mobility.

OUR OBJECTIVES ARE TO:

- Reduce the carbon footprint of the Group's real estate portfolio by 40% by 2030
- Reduce the volume of residual waste produced by 5% by 2023
- Earn HQE (or equivalent) certifications for all new constructions built from 2020 onward²

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Since 2019, Korian has been committed to the social responsibility initiative spearheaded by the United Nations Global Compact and its 10 principles focusing on human rights and labour, environment and anti-corruption standards. As such, the Group is contributing to the UN's 17 sustainable development goals (SDGs).

3. KORIAN GREEN BOND FRAMEWORK

This Green Bond Framework (the "Framework") illustrates the alignment between Korian's operations and financing, and our commitment to the responsible management of assets and the creation of wealth within the communities in which we operate.

The Framework has been developed according to the Green Bond Principles (GBP) 2018³, administered by ICMA. The Green Bond Principles are a set of voluntary guidelines which recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuing Green Bonds.

In line with the Green Bond Principles, Korian's Green Bond Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds

² Real estate projects that are certified or eligible for an "environment" certification in the 2020 development pipeline.

³ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

4. Reporting


The Framework also follows the recommendations of the Principles on external review and impact reporting.


3.1. USE OF PROCEEDS

An amount equivalent to the net proceeds from Green Bonds issued pursuant to this Framework will be allocated to finance or refinance a selected pool of new and existing assets that promote the transition to low-carbon and climate resilient growth and which meet the criteria outlined below (“Green Asset Pool”).

In addition, each category has been identified as aligning with the applicable Sustainable Development Goal (“SDG”).

ELIGIBILITY CRITERIA

GBP Eligible Categories	Eligibility Criteria and Example Projects	SDG Targets
<p>Green Buildings</p>	<p>New or existing residential and commercial buildings owned and managed by Korian that meet specific energy performance thresholds, including:</p> <ul style="list-style-type: none"> • Buildings aligned with the European Nearly-Zero-Energy Buildings (NZEB) low consumption building standards corresponding to buildings with a very high energy performance. The NZEB is a requirement from the European Union Energy Performance of Buildings Directive (EPBD). • Energy Performance Certificate (EPC): B rating or above, corresponding to buildings with a level of energy performance in the top 15% of national stock; • Other equivalent internationally and/or nationally recognized certifications. <p>The energy-efficiency criteria applied by Korian for each country covered by the Green Bond Framework and in which it operates in Europe is available in Appendix 1 of this document.</p>	<p>9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> 

<p>Energy Efficiency</p>	<p>New or existing investments or expenditures in projects which include the measures and technologies applicable for the “individual measures and professional services” of the EU Taxonomy⁴. These are likely to include⁵:</p> <ul style="list-style-type: none"> • The installation of zoned thermostats, smart thermostat systems and sensing equipment, e.g. motion and day light control • The installation of Building Management Systems (BMS) and Energy Management Systems (EMS) • The installation of charging stations for electric vehicles • The installation of smart meters for gas and electricity 	<p>9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> 
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⁴ https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en


⁵ Activities included within this Eligible Project Category are referencing economic activities that fall within the following Technical Screening Criteria of the EU Taxonomy:

7.3 Installation, maintenance and repair of energy efficiency equipment

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

9.3 Professional services related to energy performance of buildings

Renewable Energy	<p>New or existing investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy such as wind and solar. Renewable energy can include (but are not limited to):</p> <ul style="list-style-type: none"> • On-site solar energy projects; • Connection to district heating • Purchase Power Agreements (PPAs) which are project-specific and with a long-term maturity greater than 5 years 	<p>7.2 Increase substantially the share of renewable energy in the global energy mix</p> 
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Collectively, the assets in the above categories will form the Green Asset Pool and Green Eligible Projects. Assets will be recognised at their market value and shall qualify for refinancing without a specific look-back period. Expenditures (if any) shall qualify for refinancing with a maximum three year look-back period before the issuance of the Green Bond.

3.2. PROCESS EVALUATION AND SELECTION

Korian has set up a Real Estate Green Bond Committee ("Committee") to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds section and with Korian's corporate responsibility strategy.

The Real Estate Green Bond Committee will be chaired by the Group Chief Real Estate and Development Officer and furthermore composed of representatives from each of Korian's CSR, Technical, Asset Management, Corporate and Financing teams, and will meet twice per year.

The Real Estate Green Bond Committee will be responsible for:

- Reviewing and approving the selection of projects for the Green Asset Pool based on the selection criteria defined in the Use of Proceeds;
- Monitoring the Green Asset Pool, throughout the life of the Bond(s);
- Removing from the Green Asset Pool 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.

3.3. MANAGEMENT OF PROCEEDS

An amount equivalent to the net proceeds from Green Bond issuances will be allocated and managed by Korian's Finance team together with the Real Estate Team. Korian will track the allocation of proceeds for the purpose of recording the assets and projects in the Green Asset Pool.

Pending allocation to the Green Asset Pool, net proceeds from Green Bond issuances may be temporarily invested or otherwise maintained in cash and cash equivalents. Payment of principal and interest on the Green Bonds will be made from Korian's general funds and will not be directly linked to the performance of the Green Asset Pool.

Korian is committed on a best efforts basis to ensure the allocation of proceeds within 36 months of a Green Bond issuance.

3.4. REPORTING

Within one year from issuance of any Green Bond and annually until full allocation, Korian will prepare and make readily available information on the allocation of net proceeds to the Green Asset Pool and associated impact metrics. The information will be made available on Korian's corporate website and/or within its Universal Registration Document (Chapter 3 - Environmental, Social and Corporate Governance including the consolidated non-financial performance statement report certified by an Independent third-party).

ALLOCATION REPORTING

TO THE EXTENT PRACTICABLE, THE ISSUER WILL PROVIDE INFORMATION SUCH AS:

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

IMPACT REPORTING

To the extent possible, Korian plans to report on the environmental impact in aggregate for the Green Bond project categories, together with the aforementioned allocation status in future Green Bond Reports. Examples of possible environmental indicators could include:

- **Green Buildings:**
 - Number and floor space of Green Buildings meeting the eligibility criteria
 - Buildings meeting the requirements of Réglementation Thermique 2012
 - Buildings with EPC certification level B rating or above
 - Buildings meeting the KfW Effizienzhaus 55 standard
- **Energy Efficiency**
 - Number of energy efficiency projects implemented
 - Reduction of energy consumption (kWh) on the global Group consumption
 - Percentage improvement of energy efficiency at asset level

- **Renewable Energy:**

- Total installed capacity (MW)
- Estimated annual CO2 emissions avoided (tCO2)

In addition, Korian may provide qualitative descriptions of the outcomes and impacts of selected eligible projects funded. Where relevant, information will be provided on the impact assessment and data reporting methodologies applied by Korian.

4. EXTERNAL REVIEW

SECOND PARTY OPINION

Korian has appointed DNV-GL to provide an independent Second Party Opinion report ("SPO") on this Framework. The SPO will be made publicly available on Korian's corporate website at: <https://www.korian.com>.

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 Green Bond have been allocated in compliance with all material respects of the eligibility criteria set forth in the Green Bond Framework.

APPENDIX 1: ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE AND NEARLY ZERO-ENERGY BUILDINGS WITHIN THE EUROPEAN UNION

The Energy Performance of Buildings Directive (EPBD) is, together with the Energy Efficiency Directive, the main legislative instruments to promote the energy performance of buildings and to boost renovation within the EU.

The EPBD has been in force since 2010 and has been updated in 2018 to "improve the energy performance of new and existing buildings, support the deployment of electric charging infrastructure, plan national renovation strategies and an intelligence indicator."

The new provisions must be transposed by Member States into national law at the latest by 10 March 2020.

Among a broad range of policies and supportive measures that aims to help EU governments to boost the energy performance of buildings, the directive requires all new buildings from 2021 to be Nearly-Zero-Energy Buildings (NZEB).

NZEB means buildings with a very high energy performance. The nearly zero or very low amount of energy required should be covered to a very significant extent from renewable sources, including sources produced on-site or nearby.

As concrete numeric thresholds or ranges are not defined in the EPBD, these requirements leave room for interpretation, allowing Member States to define their NZEB requirements in their national regulation and building codes in a flexible way and leading to different NZEB definitions from country to country.

ENERGY EFFICIENCY ELIGIBILITY CRITERIA APPLIED BY KORIAN FOR EACH COUNTRY COVERED BY THE GREEN BOND FRAMEWORK⁶

Country	Applicable Eligibility Criteria (as per the Use of Proceeds section of this framework)	Technical Criteria
France	<ul style="list-style-type: none"> Buildings aligned with European Nearly-Zero-Energy Buildings (NZEB) low consumption building standards 	<ul style="list-style-type: none"> Local NZEB definition: regulation RT2012 ("Réglementation Thermique 2012")
Germany	<ul style="list-style-type: none"> Buildings aligned with European Nearly-Zero-Energy Buildings (NZEB) low consumption building standards 	<ul style="list-style-type: none"> Local NZEB definition: KfW Effizienzhaus 55 standard
UK	<ul style="list-style-type: none"> Buildings with a level of energy performance corresponding to the top 15% of the national stock 	<ul style="list-style-type: none"> EPC Level A+, A and B

⁶ France: https://www.zebra2020.eu/website/wp-content/uploads/2014/08/ZEBRA2020_Strategies-for-nZEB_07_LQ_single-pages-1.pdf

Germany: <http://www.zebra-monitoring.enerdata.eu/nzeb-activities/panel-distribution.html#nzeb-definitions-by-country.html>

UK:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792413/EPB_Cert_Statistics_Release_Qtr_4_2018_NB7_corr.pdf

5. DISCLAIMER

The information contained in this Green Bond Framework is provided by Korian as at the date of this document and is subject to change without notice. After the date of this Green Bond Framework, Korian does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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