



SOCIAL FINANCING FRAMEWORK

October, 05, 2021



KORIAN
In caring hands

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This inaugural Social Financing Framework (the “Framework”) presents Korian’s missions and commitments as well as internal policies and organisation to ensure the successful issuance of Social Financing Instruments.

It applies best market practices, aligning with the International Capital Market Association (“ICMA”) Social Bond Principles (“SBP”) 2021 version and the Loan Market Association (“LMA”) Social Loan Principles (“SLP”) 2021 version and follows the key recommendations of the principles with regard to external review. This Framework serves as reference for any future issuance of Social Financing Instruments through which Eligible Social Projects are funded.

The establishment of this new Framework is illustrating Korian’s willingness to enlarge the scope of its sustainable financing after the issuance of a Sustainability-Linked Euro PP in 2020 and the publication of a Green Bond Framework followed by a debut Green Bond issue in June 2021.

1. Introduction

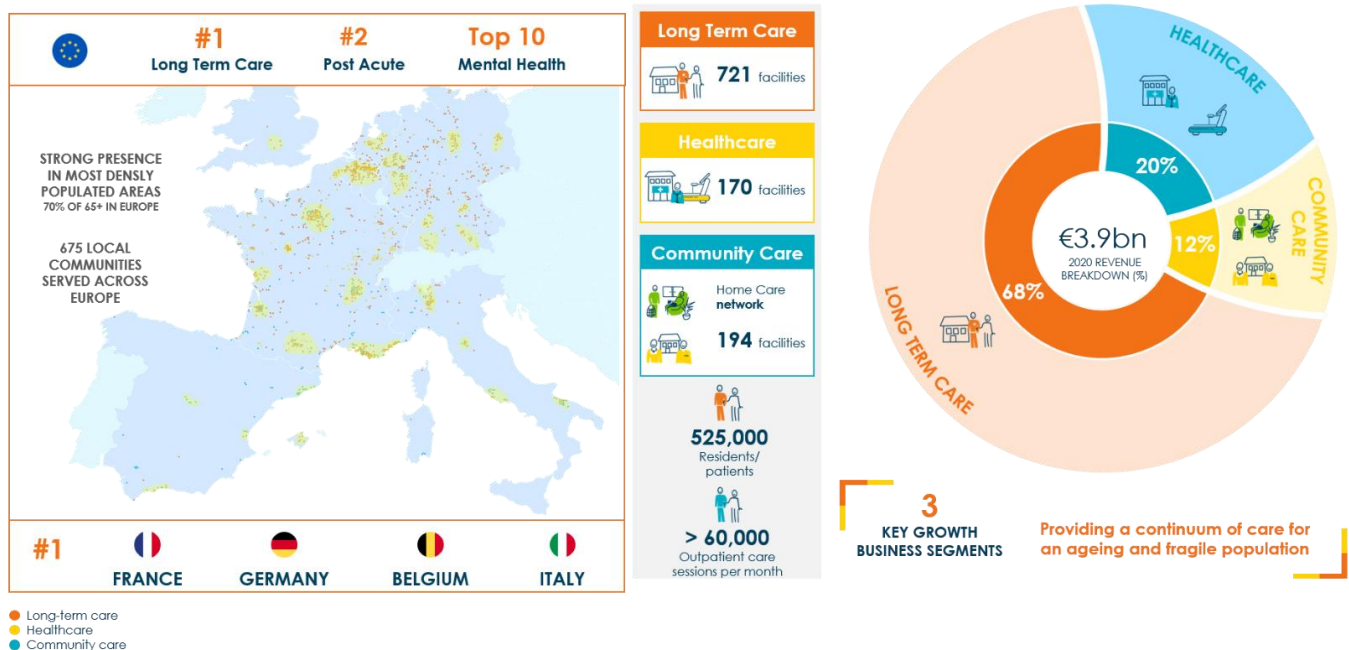
KORIAN AT A GLANCE

Listed on Euronext Paris, Korian is the leading European care services group for elderly and fragile people, and has built in less than 20 years, a strong leadership position in key European markets with secular growth embedded.

The Group 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.

Korian is present with scaled infrastructure in 3 business segments: long-term care, healthcare and community care:

A vital care and healthcare service provider with leadership positions across high growth verticals and key markets.



- **Long-term Care:** Korian's Nursing Homes care for elderly people with diminished autonomy or who no longer wish to live at home, either on a permanent or planned short-stay basis.
- They are designed as living spaces and are integrated into the local healthcare and social service network, thus providing residents with the right care according to their needs and capabilities.
- Over the years, these have increasingly specialised in the provision of high-dependency support and in caring for people with neurodegenerative illnesses, such as Alzheimer's disease and related disorders.
- **Healthcare:** Korian's medical clinics located in France, Italy and Spain, cover three service areas: Postacute care, mental health services (in France, Italy and more recently, Spain) and consultations (Italy). These are provided as part of regional service offerings, in

partnership with local healthcare providers (GPs, paramedical professionals in cities, hospitals, clinics, etc.).

- In addition, two care solutions are available depending on the patient's situation: full hospitalisation or hospital day care (outpatient services). The latter solution enables patients to benefit from multidisciplinary care while continuing to live at home.
- **Community Care:** Korian's offering is designed to provide innovative solutions for families who are facing burden of care that is not manageable over the long term, and for isolated seniors, especially in rural areas.
 - **Residential solutions** are alternative and inclusive accommodation services which provide a response to people seeking intermediary solutions between remaining at home and entering long-term care nursing homes. Korian offers assisted living facilities, some of which attached to a nursing home, and shared housing facilities for seniors combined with home help services.
 - **Home Care services** provide multidisciplinary support at home. These have been enhanced with the expansion of franchise models, such as the Petits-fils France network.

POSITIVE CARE, A COMPREHENSIVE AND EMPATHIC APPROACH TO CARING FOR PATIENTS AND RESIDENTS

Korian developed a comprehensive approach called *Positive Care* that aims to centre all therapeutic programmes around the person – regardless of their physical and cognitive capacities – and their aspirations, while respecting their choices, their dignity and their need for privacy.

The autonomy of Korian's residents and patients is supported by this *Positive Care* approach which emphasises their abilities and wishes and includes a wide array of non-drug therapies.

Korian built a remaining capacities scorecard designed by a group of experts including psycho-motor therapists, occupational therapists, psychologists and caregivers. It is used to illustrate the functional, sensory, cognitive (communication, memory and orientation) and social and domestic capabilities of the individual, which leads to a more accurate assessment of his or her needs. A multidisciplinary team uses the scorecard, which provides invaluable assistance in drawing up the individual therapeutic programme covering four aspects:

1. *Leisure and entertainment;*
2. *Domestic and social activities;*
3. *Non-drug therapies and approaches; and*
4. *Medical and medicinal therapy.*

THREE MARKET TRENDS SUPPORT LONG-TERM SECULAR GROWTH

DEMOGRAPHICS



Europe's population is rapidly ageing

65+ to grow by 20% by 2030
→ 107m in 2021 to 126m in 2030

EPIDEMIOLOGICS



Global burden of chronic diseases

30 million elderly people suffer from 1 or 2 most frequent chronic diseases*

TECHNOLOGICAL ACCELERATION



Advances leading to improved quality of life for patients

EU Healthcare spending to go from 8.8% to 10.2% of GDP by 2030
→ €1,200bn in 2020 to €1,400bn in 2030

Healthcare spending in the EU to significantly outgrow GDP for the next decade

* Alzheimer, Parkinson, Cancer, Stroke, Nephrology, Diabetes, Cardiology, Rheumatoid arthritis
Source: OECD: Health data 2020, focus on EU-28. EU GDP 2020: €13,349bn

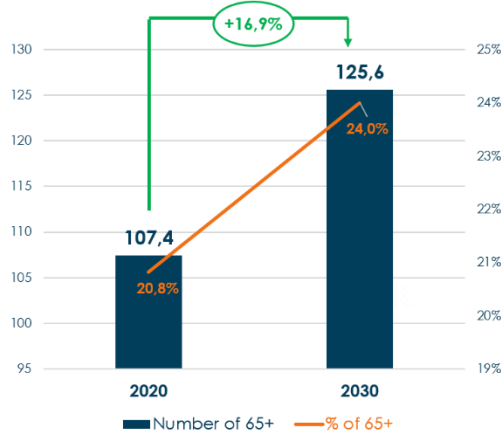
DEMOGRAPHICS

Strong demographic effects are pushing our society today and 2020 to 2030 will be a key decade. The longevity challenge is without doubt one of the greatest facing the world this century, on a level with that of preserving the environment.

Population of "65-plus" will grow significantly by nearly 20%, to 126 million people across Europe within the next 10 years.

Elderly population will increase by 17% in Europe within the next 10 years

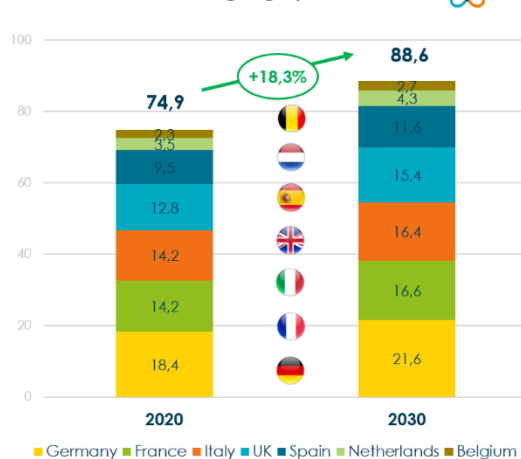
Evolution of 65+ in Europe [number in millions and % of total population]



Source: OECD

This increase will even be higher in Korian's geographies (+18,3%)

Evolution of 65+ in Korian's geographies [in millions]



EPIDEMIOLOGICS

The other very strong trend concerns chronic diseases driven by our way of life, which require long-term and regular care from specialized medical professions. Covid-19 pandemic strengthened our conviction that rethinking the way we care for and support elderly and fragile people is one of the key challenges of this decade.

Currently, there are more than 45 million aged 65+ in Europe who have to live with at least 2 chronic diseases.

TECHNOLOGICAL ACCELERATION

Care industry is seeing tremendous advances, driven by digital and artificial intelligence. These are drastically improving quality of life for those with chronic conditions. However, these advances in technology will come at a cost. Overall, health spend will, in Europe, outstrip GDP growth over this period, reaching more than 11% on average, alongside an increasing reliance on private sector players.

KORIAN'S PURPOSE AND VALUES

Korian is dedicated to fulfilling the same purpose across all of its business lines. This is our professional commitment and it permeates our corporate culture and our three core values: Trust, Initiative and Responsibility.

Our mission

“Provide care and support to ageing and fragile people and their loved ones, respecting their dignity and contribute to their quality of life”.

Our values



KORIAN's CORPORATE PROJECT



**A bond of trust and mutual commitments
with all Korian stakeholders**

The "In Caring Hands" corporate project is rooted in the Group's values and has been embraced with pride and enthusiasm throughout the Korian network in Europe.

"In Caring Hands" is what motivates us each day to continuously boost quality and diligence and to innovate even more to serve the men and women entrusted to our care by their family members and loved ones. It is a bond of trust nurtured by mutual commitments: between Korian and its care assistants, between Korian and its care recipients, as well as between Korian and its employees and between Korian and its stakeholders, without which it would be impossible to build or transform.

*Driven by a single vision: **in the spirit of excellence and innovation, with "In Caring Hands"**, Korian has become the European expert in caring for elderly and fragile people, with a diversified range and solutions adapted to all the needs found in each of our local communities.*

***Korian's corporate project "In Caring Hands"** was launched in September 2019 at the European level with the aim of making the Group the trusted partner of care recipients and caregivers.*

***Korian is a profoundly human group**, a community of endearing, deeply committed men and women who provide assistance and care each day, who give a lot, but also get a lot from the people they look after. This engagement is a strength that lives in each of us, in every country, alongside those for whom we provide care. "*

Sophie Boissard
Chief Executive Officer

2. Korian ESG Strategy

Korian's ESG strategy is deeply rooted in its mission and fully embedded in the strategic vision carried forward by the entire Group through the corporate project "In Caring Hands".

This project, which launched in September 2019, simultaneously aims to work toward excellence in all the Group's business lines and, in a pioneering spirit, to develop its ability to innovate and diversify its care facilities to be able to cover all needs and situations as regards fragility and chronic disease.

It is a bond of trust between Korian, its employees and all its stakeholders.

The 5 pillars of the ESG strategy

Korian defined the five pillars of its 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 legitimate needs of its numerous stakeholders

18 material ESG challenges classified in 3 categories

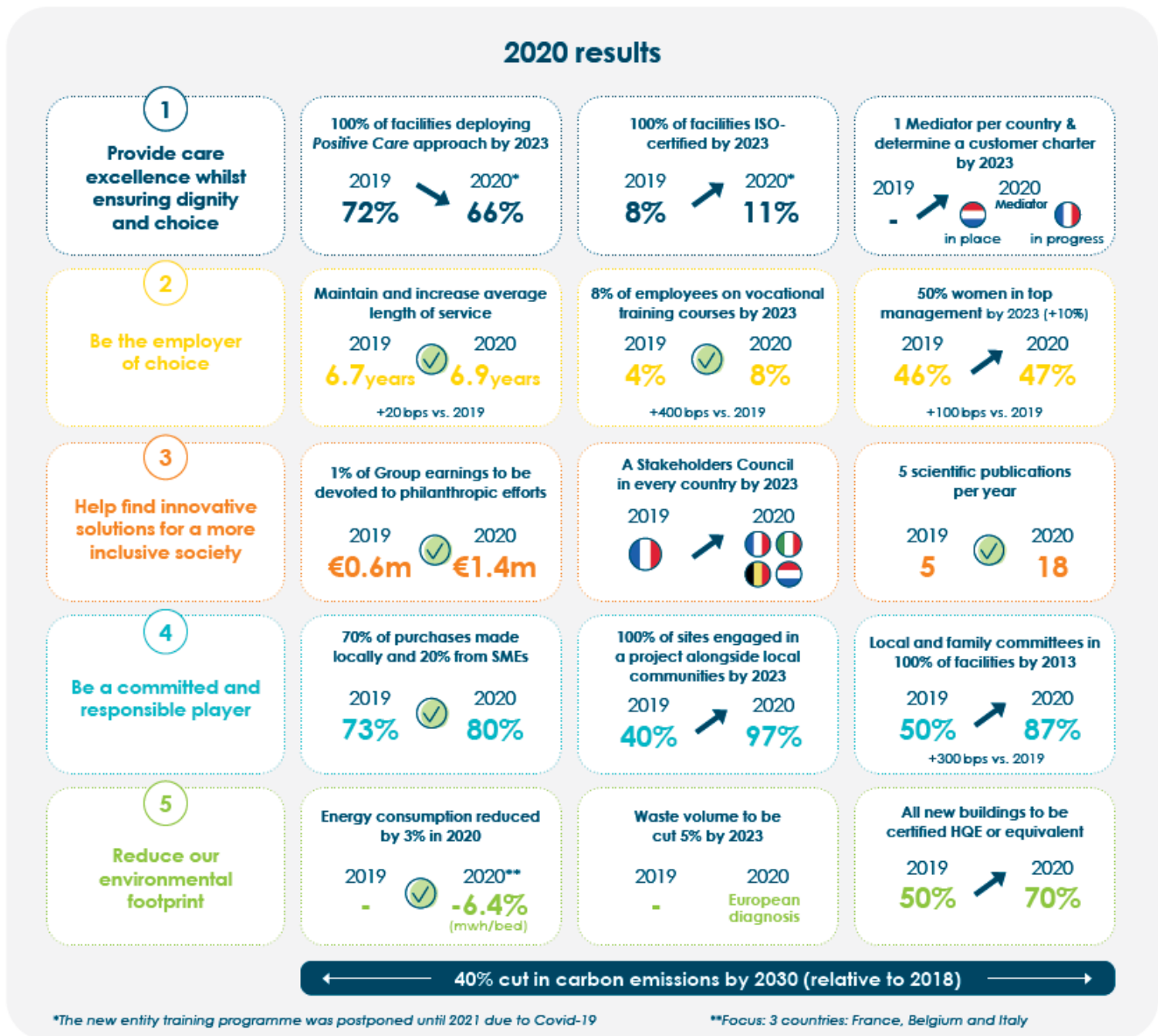
● Environment
 ● Social/Societal
 ● Governance



A road map supported by 15 quantifiable and measurable ESG commitments

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

These macro-indicators, which are monitored by the Group CSR Department in consultation with all countries and the Group's corporate management, line up with the primary international non-financial reporting standards (such as SASB, GRI and SDGs) and make it possible to measure the improvements in ESG performance while illustrating the advancement of the strategy implemented.



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). A cross-reference table linking the Group's 15 ESG commitments to the Global Compact and SDGs is presented on the URD 2020.

3. Korian Social Financing Framework

In 2020, Korian started its journey to align its funding with its CSR policy by issuing an innovative Sustainability -Linked Euro PP for a total size of EUR 230 million. This 8-year transaction is linking Korian's long term financing with the fulfilment of three key ESG commitments of the Group by 2023: achieving of ISO 9001 certification across all its facilities in Europe, doubling the proportion of staff members participating in qualifying training programs, and finally reducing its direct and indirect CO2 emissions.

In 2021, Korian established a Green Bond Framework and priced an inaugural perpetual Green Bond for GBP 200 million demonstrating its commitment to the responsible management of assets and the creation of wealth within the communities in which Korian operates.

With this Social Financing Framework (the "Framework"), Korian illustrates further its commitment to social and environmental responsibility and completes the alignment between the Group's corporate, CSR and financing strategies. Under this Framework, Korian can issue Social financing instruments, including bonds (including private placements) and loans and any other Social Financing Instruments ("Social Financing Instruments"). Such Social Financing Instruments will finance and / or refinance Eligible Social Projects falling within the Eligible Social Categories as defined below.

Korian has designed this Framework with the aim to align it with current best market practices.

The Framework complies with the International Capital Market Association ("ICMA") Social Bond Principles ("SBP") 2021 version¹ and the Loan Market Association ("LMA") Social Loan Principles ("SLP") 2021 version and follows the key recommendation of the principles with regards to external review.

¹ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

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

1. **Use of Proceeds**
2. **Process for Project Evaluation and Selection**
3. **Management of Proceeds**
4. **Reporting**
5. **External Review**

For any Social Financing Instrument issued by Korian these five core components will be applied in accordance with this Social Financing Framework.

Future regulatory developments and changes to the ICMA Social Bond Principles and LMA Social Loan Principles may be implemented in future versions of Korian's Framework. Any future version of this Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external party (External Review) and will be subject to an updated Second Party Opinion.

3.1 Use of Proceeds

Korian's Social Financing Instruments will be used to finance and/or re-finance, in whole or in part, new or existing projects. Projects may take the form of social investments, assets, capital expenditures or operational expenditures as defined by the Eligible Social categories outlined below (the "Eligible Social Projects").

The Eligible Social Projects may for instance include:

- Construction and / or development of on-going or future assets;
- Refurbishment and / or extension of existing assets;
- Acquisitions of existing assets
- Provision of services, solutions and technologies

A three-year lookback and two-year look-forward period will apply to Eligible Social Projects.

Review of the Eligible Social Categories

SBP/ SLP	Eligible Categories	Eligibility Criteria	Target Population	Social Objective	SDG
Access to essential services	Long-term care nursing homes	<p>Construction, extension, refurbishment and/or acquisition of eligible nursing homes aiming to:</p> <ul style="list-style-type: none"> ✓ Extend the existing or potential future capacities and /or ✓ Improve the quality of life for both fragile people and employees in existing facilities and enable the adaptation to new needs. <p>Eligible nursing home is defined as a facility meeting the following cumulative criteria:</p> <ul style="list-style-type: none"> ✓ 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 Care² approach. 	Dependent elderly people ³	Increase and / or improve long-term care nursing homes capacity for dependent elderly people	 <p>3.4, 3.8</p>  <p>9.1</p>
Access to essential services	Medical care and clinics	<p>(Re)financing of projects that provide access to essential medical infrastructure and services including:</p> <ul style="list-style-type: none"> ✓ Primary Care ✓ Post-acute ✓ Specialties (including chronic diseases and mental health)⁴ ✓ Home Care <p>Eligible Medical Care and clinics project is defined as a project meeting the following cumulative criteria:</p> <ul style="list-style-type: none"> ✓ 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 	People in need of medical care	Increase and improve medical care capacity for people in need of medical support	 <p>3.4, 3.8</p>  <p>9.1</p>

² Presentation to ISO 9001 certification and Positive Care will be rolled out in a maximum of 3 years period starting from inclusion of the project in a financing issued under the Framework

³ For the sake of clarity, “Dependent people” refer to people eligible for a dependency status as defined by the health authorities or insurance system in the country (Groupe Iso-Ressource “GIR” in France or equivalent). “Elderly people” will refer to people aged 65+.

⁴ Korian is specialized in the following fields: musculoskeletal system, cardiology, neurology, respiratory diseases, geriatrics, severe burns and mental health (depression, mood disorders, addiction and nutrition)

<p>Access to essential services</p>	<p>Proximity and community services, housing solutions, and digital technologies</p>	<p>(Re)financing of projects that provide access to alternative non-medical services and housing solutions as well as digital technologies to fragile and elderly people, including but not limited to:</p> <ul style="list-style-type: none"> ✓ 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 	<ul style="list-style-type: none"> • Fragile people with diminishing autonomy who can no longer live alone or without assistance in their home. • Dependent elderly people⁵ • People in need of medical care 	<ul style="list-style-type: none"> • Increase the access to alternative non-medical services, housing and digital solutions to retain elderly and fragile people autonomy in the context of an increasing longevity challenge caused by accelerated ageing in our societies • Improve the daily provision of care to patients and/or foster a safer living environment for patients and fragile people 	 <p>9.1</p>  <p>10.2</p>
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Exclusion criteria:

In addition to the above eligibility criteria, we have 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.
- **Social:** Assets/projects/services where the affordability⁶ cannot be demonstrated will be excluded.
- **Governance:** any assets bearing material controversies⁷ will be excluded from the Eligible assets and will be replaced by another eligible asset on a best effort basis.

⁵ For the sake of clarity, "Dependent people" refer to people eligible for a dependency status as defined by the health authorities or insurance system in the country (Groupe Iso-Ressource "GIR" in France or equivalent). "Elderly people" will refer to people aged 65+.

⁶ Affordability will be demonstrated taking into account, among others, public regulation or public financial support, when applicable and relevant.

⁷ Material controversy should be based on reliable source and induce a severe impact.

3.2 Process for Project Evaluation and Selection

Governance of the Social Financing Framework

Korian has set up a Social Financing 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 Social Financing Committee will be chaired by the Group Chief HR & CSR Officer and furthermore composed of representatives from each of Korian's CSR, Quality, Financing teams, and CEOs of the countries where the targeted projects are located.

The CSR expertise will be represented at different levels within the Committee:

- At Board member level with the Group Chief HR & CSR Officer, to ensure a senior representative level in the Committee
- Complemented by experts at operational level including the Group CSR VP in charge of driving and monitoring the ESG strategy
- The Social Financing Committee will meet twice per year and will be responsible for:
 - Reviewing and approving the selection of projects based on the selection criteria defined in the Use of Proceeds;
 - Monitoring the Social Asset Pool /selected projects, throughout the life of the Social Financing Instruments ;
 - 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.

Hence, 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.

In particular under its 1st pillar, "Provide care excellence whilst ensuring dignity and choice", Korian has put in place several actions and policies to manage the risks linked to Covid 19 pandemic, Treatment and Care, Reputation and People Safety. Korian has defined several KPIs covering for instance the satisfaction rate among families of nursing home residents and patient in specialized clinics, 360° Quality Audit or ISO 9001 certification.

In particular under its 5th pillar "Reduce our environmental Footprint", Korian has put in place actions and policies to manage both the risk of environmental damage of its activities (including but not limited to carbon emissions, biodiversity impact and waste management) and the risk of poor preparedness for major climatic events. Korian has also defined some KPIs on HQE (or equivalent) certifications on real estate projects in their pipeline, energy consumption and water consumption.

Non-financial risks identified for each of the 5 pillars together with the methodology used to define and manage these risks are detailed within the Korian's Universal Registration Document 2020.

While defined at corporate level, the above methodology also applies at project level and provides robust processes to identify, manage and mitigate potential risks associated to Eligible Projects.

3.3 Management of Proceeds

An amount equivalent to the net proceeds from Social Financing Instruments will be allocated and managed by Korian's Finance team together with the CSR Team. Korian will track the allocation of proceeds for the purpose of recording the assets and projects in the Social Asset Pool.

Pending allocation to the Social Asset Pool, net proceeds from Social Bond Financing Instruments may be temporarily invested or otherwise maintained in cash and cash equivalents. Payment of principal and interest on the Social Bonds will be made from Korian's general funds and will not be directly linked to the performance of the Social Asset Pool. Korian is committed on a best efforts basis to ensure the allocation of proceeds within 24 months of a Social Financing Instrument issuance.

3.4 Reporting

Within one year from issuance of any Social Financing Instrument and annually until full allocation, Korian will prepare and make readily available information on the allocation of net proceeds to the Social 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;
- The balance of unallocated proceeds.

Impact Reporting

The issuer will endeavor to report on relevant impact metrics, which may include:

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

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.

Korian will strive to provide projected metrics to illustrate the expected benefits generated by the eligible projects when feasible and relevant (including for example additional capacities, expected additional beneficiaries, expected additional jobs creation, ...).

3.5 External Review

Second Party Opinion

Korian has appointed S&P 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 Social Bond/Loan have been allocated in compliance with all material respects of the eligibility criteria set forth in the Social Financing Framework.

4. Appendices

1.1. Appendix 1 - Highly Regulated Activities

The following tables summarise the regulations and provisions which govern the pricing and financing of healthcare and medico-welfare activities falling within the Eligible Social Categories outlined in the Use of Proceeds section.

FRANCE				
Eligible Categories	Korian's activities	Regulations	Pricing	Financial assistance
 <p>Long-term care nursing homes</p>	Nursing homes	Licenses jointly delivered by the Regional Health Agency (ARS) and the Departmental Council, valid for 15 years.	Three price components: <ul style="list-style-type: none"> healthcare funding set by the ARS; flat overall dependency funding set by the Departmental Council; accommodation/ancillary services, with initial rates freely set and then subject to annual increases decided by ministerial order. 	Care: 35% of costs covered by Health Insurance (Assurance Maladie). Dependency: partly covered by the Personal Independence Allowance (PIA). Accommodation: potentially covered by means-tested social welfare or individual housing grants.
 <p>Medical care and clinics</p>	Post-acute and rehabilitation care clinics	Licence by the ARS, valid for 7 years (renewable).	Three price components: <ul style="list-style-type: none"> care, with rates set by the ARS; activity-based care allowance rates (DMA), set by the Ministry of Health; ancillary fees, with freely set rates. 	<ul style="list-style-type: none"> Daily rates (90%) paid by Health Insurance (rates dependent on the service provided and medical billing code). Activity-based care allowance rates DMA (10%) paid by Health Insurance. Insurance (dependent on conditions treated)
	Psychiatric clinics	Licence issued by the ARS, valid for 7 years (renewable).	Two price components: <ul style="list-style-type: none"> care, with rates set by the ARS; ancillary fees, with freely set rates. 	<ul style="list-style-type: none"> Daily rates paid by Health Insurance (rates dependent on the service provided and medical billing code).
	Hospital Home Care (HHC)	Licence delivered by the ARS.	National rates set by the Ministry of Health.	Financing by Health Insurance.
 <p>Proximity and community services, housing solutions, and digital technologies</p>	Shared Housing Solutions	To receive home assistance and support services: licensed by the Departmental Council corresponding to the place where the services are provided.	Two price components: <ul style="list-style-type: none"> rent and rental expenses; fees for home assistance and support services. 	Partly covered by the Personal Independence Allowance (PIA).
	Home nursing services (HNS)	Licence delivered by the ARS.	Partially covered through indirect public assistance and/or subsidized through tax breaks	Financed by Health Insurance, on prescription.

 GERMANY

Eligible Categories



Long-term care nursing homes



Medical care and clinics



Proximity and community services, housing solutions, and digital technologies

Korian's activities

Nursing homes

Home care services

Shared Housing Solutions

Regulations

- Nursing homes may be opened simply by obtaining an operating licence from the administrative authorities. To obtain funding from a dependency insurance fund, an agreement must be reached with the fund beforehand as regards the type, content and volume of services that the facility must provide.
- There are specific regulations in some Länder on the rates charged for individual rooms in long-term care nursing homes, with compliance required between 2018 and 2036.

Pricing

Operators are free to negotiate certain components of their rates with the welfare services and/or health insurance funds:

- care: all expenses not relating to services or real estate;
- services: all expenses relating to accommodation services;
- investment: rents and rental expenses;
- training: funding to train apprentices.

The rates for home care services are negotiated with the health insurance funds in each Länder, based on a catalogue of standard services. The operator is free to define pricing for any additional services

Rates freely set by operators, taking market prices into consideration.

Financial assistance

A distinction between three different types of costs:

- **medical-social costs** (dependency services, medical care, social assistance): paid by health insurance funds depending on the degree of dependency. The amount of funding provided is capped in absolute terms. Any remaining expenses must be paid by the patient, who may receive social welfare;
- **investment costs** (the costs of building or renovating buildings, procurement of capital goods, etc.): partly funded by the Länder's or municipality's public funds. The rest is paid by the residents, who may receive social welfare;
- **accommodation and catering costs**: payable by the resident, who may obtain social benefits to help cover accommodation costs.

Facilities can also offer ancillary services which the resident pays for.

Financing by Health Insurance.

 BELGIUM

Eligible Categories



Long-term care nursing homes



Medical care and clinics

Korian's activities

Care homes (including care homes for the elderly and nursing and care homes)

Home care services

Regulations

An operating licence must be obtained to open a care home. Licences are delivered on the basis of healthcare programmes (quotas are calculated by region and must be approved by the regional authority). A special licence is required to open a nursing and care home. It is delivered by the regional authority which also monitors and controls facilities under its authority

A nursing assistant certificate is required.

Pricing

Catering and accommodation: the daily rate paid by residents is set freely when a nursing home is first opened. It is then indexed to the consumer price index with a cap on annual increases. Any substantial increase in a daily rate beyond this must be applied for and substantiated, and requires the approval of the regional authorities.

Home care services are regulated by the three regions and may be divided into two distinct groups:

- services that are subsidised by the regional government and reimbursed on the basis of a maximum number of care-provider hours;
- purely material services, which are paid for with service vouchers.

Financial assistance

Dependency care was funded by a federal body (INAMI) up until 2019. As of 2019, reimbursements are managed by the country's three regions. Approximately 44% of the daily rate is reimbursed by the social security system. The cost of care is reimbursed in proportion to the resident's degree of dependency and illness (according to the "Katz Index").

Medical care provided at the request of a physician is almost free of charge to the patient. Costs are reimbursed by INAMI depending on the type of medical care provided.

 ITALY

Eligible Categories



Long-term care nursing homes



Medical care and clinics

Korian's activities

Nursing homes

Specialised clinics

Home care services

Regulations

Opening a nursing home requires authorisation and accreditation with minimum standards established by the federal government. Regional governments can, however, impose their own standards of quality (which can be more stringent than the minimum threshold).

Opening a specialised clinic requires authorisation and accreditation with minimum standards established by the federal government. Regional governments can, however, impose their own standards of quality (which can be more stringent than the minimum threshold).

This activity requires authorisation and accreditation.

Pricing

Healthcare services are provided free of charge by RHAs (Regional Health Authorities) in the facilities. Nursing home rates break down as follows:

- **treatment rates:** accounting for 30% to 50% of the total price;
- **accommodation rates:** accounting for 50% to 70% of the total price. They are established by the regional authorities. But certain regional authorities leave it up to operators to set them (Lombardy, Veneto);
- **supplement:** for comfort services paid by the resident who requests them.

Rates are set by the regional authorities, but operators are free to set the prices they charge for comfort services. A supplement will be paid by the resident who requests such services.

Each region sets the rates for such services depending on the type of services provided.

Financial assistance

The regional authorities will provide funding subject to accreditation being obtained. Lombardy has introduced a healthcare budgeting system for long-term care nursing homes which must set their budgets each year.

- **Care services are fully covered** by the Regional Health Authorities.
- **Accommodation services** may be covered by the municipality or mutual insurance company depending on the resident's circumstances.

The daily rate is covered by the Regional Health Authorities. Comfort services are paid for by the patient who requests them.

Fully covered by Regional Health Authorities.

 SPAIN

Eligible Categories



Long-term care nursing homes



Medical care and clinics

Korian's activities

Nursing homes

Specialised clinics

Regulations

Opening a nursing home requires authorisation and accreditation with minimum standards established by the regional governments. Townhall activity authorisation is also required. In order to be able to obtain contracted beds, operators need accreditation and the beds are granted after a public tender.

The opening of a mental health clinic requires an installation and operating permit from the relevant regional government, in addition to the municipal activity licence.

Pricing

Prices for private beds is freely set by operators. The prices of beds arranged with the regional governments are set by the latter and are published in the official gazettes. Both modalities, private and subsidised, include accommodation and health care within the residence.

All the funding sources are public:

- INSS (Ministry of Social Security Government of Spain): Financing of mental health treatments for approximately 60%. Authorisation and accreditation are required. Some complementary activities are not covered and remain at the charge of the patient (family therapy, educational activities).

- AAPP (Public Financing of Administrations of Autonomous Communities): Financing of mental health treatments for 100%. Need authorisations and accreditations to be referenced in order that Regional governments (CCAA) address patients to the affiliated centres.

Financial assistance

People must contribute 75% of the pension received (up to a maximum of the monthly price established by the regional government). If there is no availability of a subsidised bed, there is the possibility of obtaining funding from the regional governments up to a maximum of €700 per month to help pay for a private place in a nursing home that must be accredited.

HIC (Health Insurance Companies):

- Financing of mental health treatments. HIC approval is required before any treatment.

The coverage of each policy of each HIC is different, so some activities may not be funded (family therapies, or Educational programs).

 **NETHERLANDS**

Eligible Categories



Long-term care nursing homes



Medical care and clinics



Medical care and clinics

Korian's activities

Care Homes
(Brands: Stepping Stones, Het Gouden Hart, Rosorum (care villa's for dementia) & Hestia Zorg)

Revalidation/medical rehabilitation
(Brand: Dores Herstelzorg)

Highly specialized care homes
(Brand: Rosorum - Residences)

Regulations

Several legal requirements for healthcare institutions.

The Health and Youth Care Inspectorate (IGJ) checks whether healthcare providers meet these obligations.

Several legal requirements for healthcare institutions.

The Health and Youth Care Inspectorate (IGJ) checks whether healthcare providers meet these obligations.

Several legal requirements for healthcare institutions.

The Health and Youth Care Inspectorate (IGJ) checks whether healthcare providers meet these obligations.

Pricing

Care and nutrition in VPT - Volledig Pakket Thuis (legally registered, reimbursed by the regional care office), care by district nursing, or care according to personal budget (PGB).

Free determination of rent and service costs.

No free pricing.

Rates are determined by the care insurer and care offices under the supervision of the dutch health care authority (NZa).

Free determination of rent and service costs.

When necessary care and nutrition in VPT (legally registered, reimbursed by the regional care office), or care by district nursing, or full private pay.

Financial assistance

Agreements with the regional care office with funding according to the long-term-care law (WLZ), which provides the VPT.

There are a few exceptions of resident who have a personal budget (PGB). Korian can claim the care per minute to the customer. Customer claims to the Social Insurance Bank (SVB). As little residents with PGB as possible, preferably VPT.

Clients receive reimbursement from their health insurer according to their basic health insurance, by geriatric rehabilitation care or short-term primary care stay.

For inpatient stay, the costs are reimbursed (full hospitality) by the supplementary insurance or paid by the client.

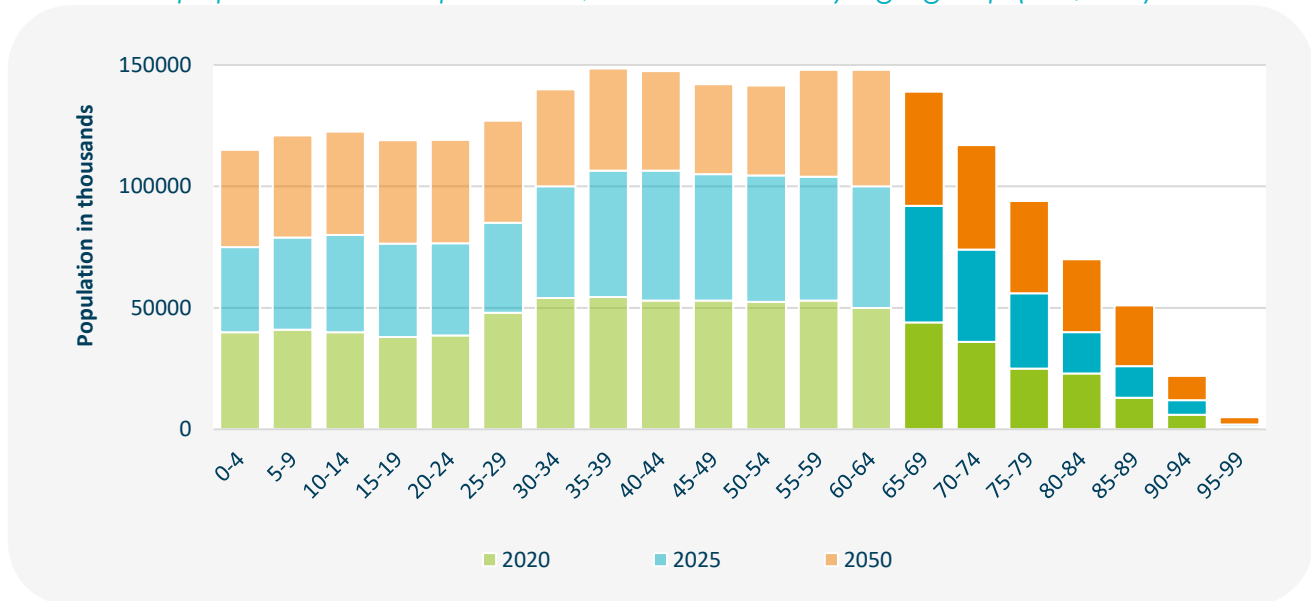
Agreements with the regional care office to allow funding according to the long-term-care law (WLZ) which provides the VPT (Volledig Pakket Thuis - Full Package at Home).

District nursing financing according to health insurer.

1.2. Appendix 2 - Demographic Challenge

As highlighted in section 1. **Introduction**, strong demographic effects are pushing our society today and will be a growing challenge to address over the upcoming years and decades with population of “65-plus” set to grow significantly in Europe.

Forecasted population of Europe in 2020, 2025 and 2050 by age group (in 1,000s)

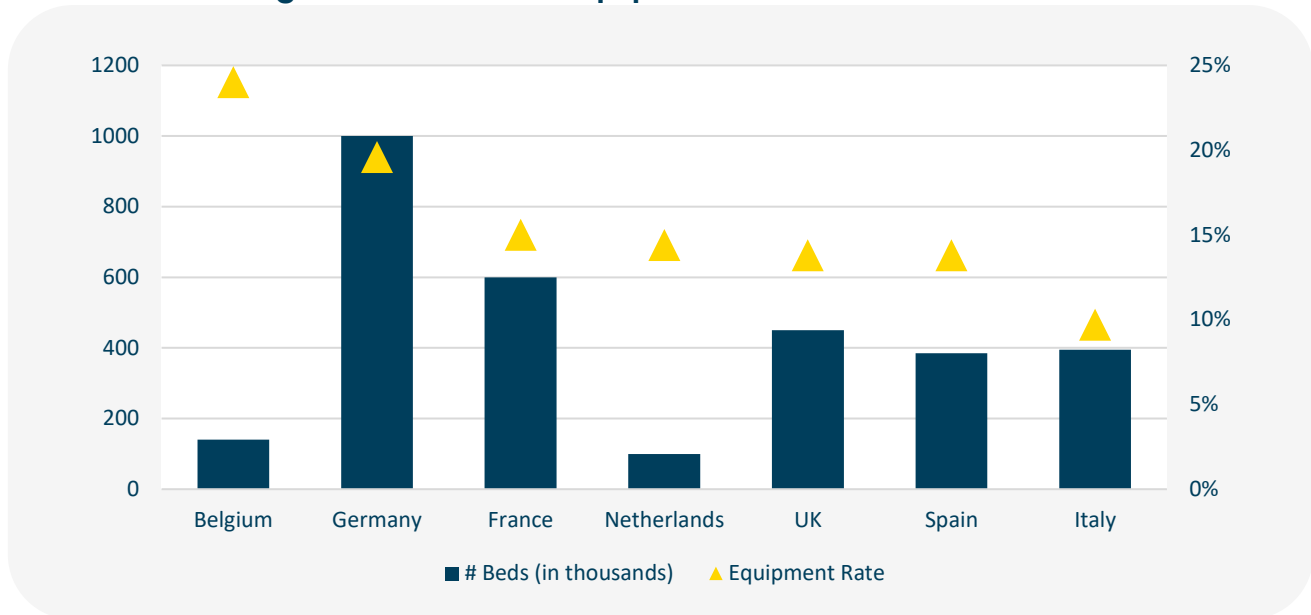


Source: Statista, [link](#)

With such future demographic and longevity challenges to face, Europe will lack nursing homes beds by 2030. In this context, private care home owners and operators will have a key role in providing access to nursing home beds alongside public ones to meet the overall demand in bed creation.

Looking at the equipment rate across Europe, which represents the number of beds / 80 plus population, it varies very widely from 6% in Poland to 23% in Belgium with the European average standing at 16%. The lack of nursing homes is quite visible in some countries such as Italy, Czech Republic and Poland. In some of them, traditional family structures could still prevail as a solution for older people living for a while; however, we can expect in the medium/long term a growing demand to provide alternative solutions for this ageing population.

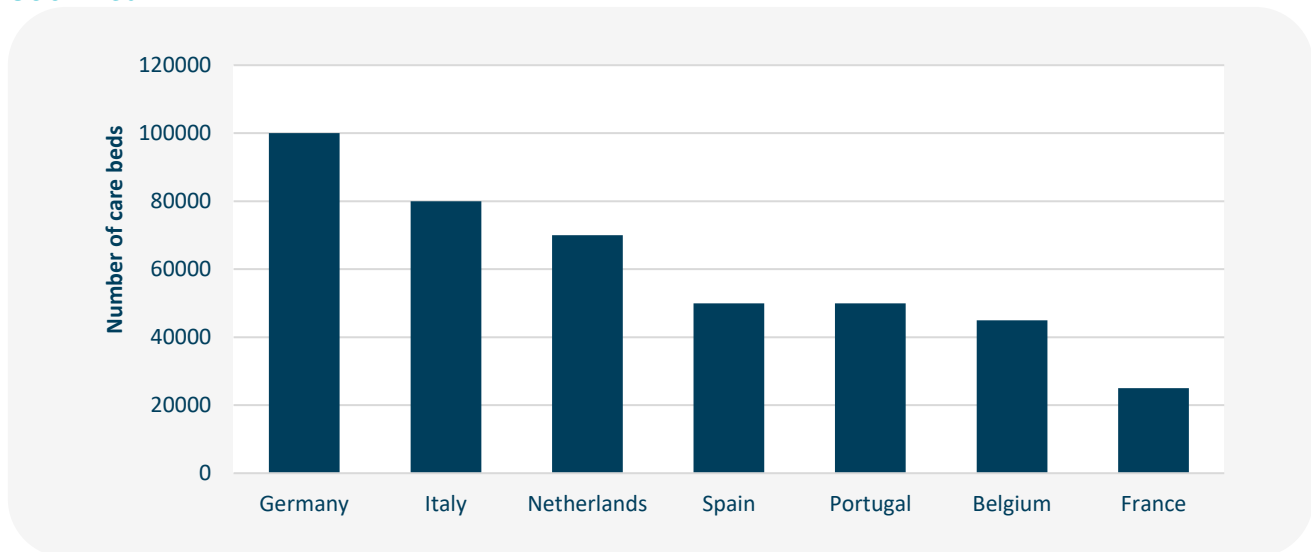
Number of Nursing Home beds and equipment rate⁸ in 2020



Source: data from MarketBeat - European Nursing Homes Report, 2020 – Cushman & Wakefield, [link](#)

As an illustration, as the European population ages, it was forecast that many countries will have to create thousands of care beds in nursing homes by 2030 to answer the growing demand. With an estimated amount of 100 thousand beds, Germany is for instance one of the European countries with the highest bed creation need, followed by the likes of Italy and Netherlands with respectively 80 and 70 thousands of beds to be created.

Number of residential care beds to be created by 2030 to meet demand in selected European countries



Source: Statista, [link](#)

⁸ The equipment rate represents the number of beds / 80 plus population.

1.3. Appendix 3 - Social benefits of proximity and community services, housing solutions, and digital technologies

Considering the above demographics trends, there is a growing awareness around the need to increase the access to alternative non-medical services, technologies and housing solutions and crucially ensure fragile and elderly's people autonomy in the context of an increasing longevity challenge caused by accelerated ageing in our societies.

We provide below an overview of the key social benefits associated with those solutions.

SHARED HOUSING

<p>Presentation of the solution</p>	<p>This alternative housing concept allows a small group of seniors (usually up to eight) to live together with the support of care assistants, some of whom live on-site with their own family.</p>
<p>Target Population</p>	<p>Shared homes are tailored for fragile people with diminishing autonomy, and who can no longer or do not wish to live alone in their home. They provide an alternative non-medical housing solution for those who do not require the medical services and assistance provided in traditional nursing homes.</p>
<p>Social Benefits</p>	<p>Fostering older people's health and wellbeing: Shared homes are designed to provide private living area with room and bathroom for each resident, and common areas so that residents can share meals, socialize, and enjoy leisure activities together. As such share homes provide an essential solution to break with isolation and loneliness and enable elderly person to recreate a sense of community and connectedness. Considering isolation and loneliness are important risk factors for many health problems, shared homes provide a solution to socially and mentally stimulate elderly and fragile people and as such foster their mental, emotional and physical health wellbeing.</p> <p>Fostering prevention and the continuous monitoring and evaluation of care needs over time: Single elderly people can be particularly vulnerable, especially with regards to the various challenges they can face when living alone, including being exposed to domestic accidents such as the risk of falls. By facilitating early intervention and ongoing assessment of care needs in an environment where everyone's safety is reinforced, shared homes contribute to foster a preventive approach and support independence for as long as possible.</p> <p>Promoting independence and extend autonomy: By fostering prevention and elderly people's health and wellbeing, shared homes enable them to remain independent for longer and postpone the need to seek medical services and assistance provided in traditional nursing homes. A real relief for the elderly and their family circle, it therefore provides them with a valuable alternative solution fostering autonomy.</p> <p>Societal benefits: By providing an alternative to traditional nursing homes for people with diminishing autonomy, shared homes contribute to meet a strong social need while preserving the traditional nursing homes capacity for dependent people. As such it is an essential piece of the overall healthcare and medico-social welfare system with a key role to play to prolong independence and contribute to avoid the saturation of critical care capacity.</p>

SHARED HOUSING

<p>Social Benefits</p>	<p>Intergenerational support: Shared housing enables elderly people to live together with the support of care assistants, some of whom live on-site with their own family, benefiting from a lower cost of living. Shared homes are therefore an innovative solution fostering intergenerational support and promoting broader social benefits in addition to the ones listed above.</p>
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HOME SERVICES

<p>Presentation of the solution</p>	<p>The proposed services aim at ensuring safer and longer life at home. Such services aim at facilitating daily autonomy (help for getting out and getting in bed, assistance to personal care, meal preparation), providing tailored assistance for medication management, while maintaining social interactions. Services are provided by qualified care assistants with significant experience in their field.</p>
<p>Target Population</p>	<p>Home services are tailored for fragile people with diminishing autonomy, and who can no longer live without assistance in their home. They provide an alternative solution to nursing homes or shared housing.</p>
<p>Social Benefits</p>	<p>Fostering older people's health and wellbeing: Home services are designed to provide tailored assistance for basic daily needs: getting in and out bed, personal care, meals or medication management. Hence, they help ensuring good living conditions including better nutrition and personal care fostering health and wellbeing of elderly and fragile people. Considering isolation and loneliness are important risk factors for many health problems, the regular contact with care assistants provide a solution to socially and mentally stimulate elderly and fragile people and as such foster their mental, emotional and physical health wellbeing.</p> <p>Promoting independence and extend autonomy: Single elderly people can be particularly vulnerable, especially with regards to the various challenges they can face when living alone, including being exposed to domestic accidents such as the risk of falls. By facilitating early intervention and ongoing assessment of care needs in an environment where everyone's safety is reinforced, shared homes contribute to foster a preventive approach and support independence for as long as possible.</p> <p>Ensuring personalized follow-up after post-acute or rehabilitation care in clinics Home services be useful, in particular, after post-acute and rehabilitation care in clinics, or after a respite period in nursing homes to ensure smooth transition and continued care assistance</p>

DIGITAL SOLUTIONS AND TECHNOLOGIES

<p>Presentation of the solution</p>	<p>The innovative technological solutions are developed to ensure simplified, safer and longer life at home or in any facility of the Group. Such technologies include among others devices aiming at making the household safer (falls detection, 24/7 teleassistance) or solutions providing telecare services, health monitoring or course of care management.</p>
<p>Target Population</p>	<p>Digital solutions and technologies can address the needs of fragile people with diminishing autonomy, dependent elderly people and people in need of medical care depending on the applicable solutions.</p>
<p>Social Benefits</p>	<p>Ensuring continuity of care Such technologies are designed to ensure, among other, a continuity of care. Course of care management, sharing of medical information with doctors and family, medical teleassistance or health monitoring are favoring a better medical care for elderly or fragile people living at home.</p> <p>Fostering older people's health and wellbeing Digital solutions aiming to better connect nursing home residents with their relatives provide a valuable support to cope with anxiety and feelings of isolation and foster clear benefits related to mental, emotional and physical health wellbeing.</p>