2018 REGISTRATION DOCUMENT

Annual Financial Report and Integrated Report



KORIAN

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Annual Financial Report and Integrated Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This registration document was filed with the *Autorité des marchés financiers* (French Financial Markets Authority – "AMF") on 25 April 2019, in accordance with article 212-13 of its General Regulation. It may be used in support of a financial transaction if accompanied by a prospectus approved by the AMF.

This document has been prepared by the issuer and is binding for its signatories.

The registration document may be viewed free of charge upon request to the Company and on the Company's website (www.korian.com) and on the AMF's website (www.amf-france.org).

Historical financial information

Pursuant to article 28 of European Commission Regulation (EC) No. 809/2004, the following information is included by reference in this registration document:

- the key figures given on page 7, and the consolidated financial statements for the financial year ended 31 December 2017, the notes to the financial statements, the Statutory Auditors' report as presented on pages 143 to 210 of the 2017 registration document filed with the AMF on 26 April 2018 under No. D.18-0411.
- the consolidated financial statements for the financial year ended 31 December 2016, the notes to the financial statements, the Statutory Auditors' report as presented on pages 143 to 204 of the 2016 registration document filed with the AMF on 26 April 2017 under No. D.17-0432.

KORIAN

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This registration document is inspired by the reference framework published by the International Integrated Reporting Council (IIRC).

KORIAN: DRIVEN **BY DEDICATION**



In the space of 15 years, Korian has become Europe's leading integrated operator of health and care services catering to the elderly and promoting independent living. We can already boast a long and healthy track record since 2003 as we have built up and reinforced our European identity through various stages of development.

The Group's transformation is an integral part of our strategy, and it gathered momentum in 2018 as we shored up our geographic footprint, increased the density of our network and diversified our business profile.

Faced with the challenges of old age and related issues, such as chronic disease and the need for long-term care, Korian develops innovative solutions and diverse services, in order to adapt to the needs and expectations of vulnerable individuals and their loved ones.

To lead this transformation, we apply a balanced growth model that relies on the creation of shared value. This model is driven first and foremost by Korian employees. I would like to thank them for their unfailing commitment to their work. It is also driven by our shareholders, who provide us with the resources to invest and expand, and our partners in the public, non-profit, and private sectors, as well as our suppliers and investors who work with us on a daily basis; without them, none of this would be possible.

One of the main forces driving our efforts to build a balanced growth model is our commitment to an open and inclusive society. All our facilities are instrumental in helping us promote social inclusion each and every day, and are directly involved in the social and economic fabric of their respective communities.

In 2018, we provided care, services or support to more than 300,000 patients and residents, in their homes or in one of our 803 facilities, with a constantly rising level of quality, reflected in particular in the results of the satisfaction survey (96% of the 82,000 participants). We are honoured by this renewed trust.

To reinforce and improve these results, we have reinvested two-thirds of our operating free cash flow in innovation, new care services and new forms of care provision.

We have stepped up our drive to hire and train staff, with an average of 15 hours of training provided per employee per year and over 2,000 apprenticeships taking place within the Group. Finally, we are actively working with non-profit associations, local authorities and municipalities through our Korian Foundation for Ageing Well and through research partnerships, as we strive to change society's perception of ageing and promote advances in the treatment and care of those suffering from chronic diseases. We are also committed players in the local economy, with 70% of purchasing made locally.

We have been able to finance all this thanks to a strong operating performance driven by 6.4% revenue growth to €3.336 billion, a 30-basis point improvement in the EBITDA margin to 14.3%, allowing for an increased generation of adjusted operating free cash flow.

For 2019 and beyond, we remain committed to our local growth strategy, taking advantage of the density of our network and further diversifying our business portfolio to incorporate more home care services, out-patient care and assisted living facilities. We will continue developing in the six countries where we are now present, following our recent entries into Spain and the Netherlands. The men and women of Korian are central to our development, so we will focus our efforts on training our staff and encouraging apprenticeships. We will step up our drive to roll out innovative digital technologies, with plans to build platforms to help us expand our range of out-patient and home care services. Finally, our size and our maturity now make it possible for us to develop concept families and introduce them across Europe. These include "*Korian Home*", a city-centre complex of medical units for people experiencing loss of independence, apartments and out-patient centres and services, as well as small residential facilities, such as the *Ages & Vie* network in France, which provides local solutions adapted to vulnerable individuals in an intergenerational, family-oriented environment. Over 20 new units, built to HEQ standards, are to be launched in 2019.

I would like to thank all of you; it is through your support and your trust that we can join forces and move forward.

Sophie Boissard
Chief Executive Officer of the Korian group,
Chairwoman of the Korian Foundation
for Ageing Well





1

KORIAN, AN INTEGRATED CARE OPERATOR **SERVING OLD AGE AND VULNERABILITY**

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ABOUT **US**

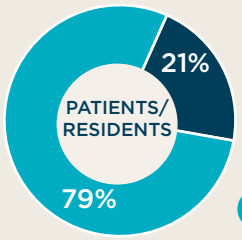
2018 **KEY FIGURES**

52,000
EMPLOYEES

803
FACILITIES

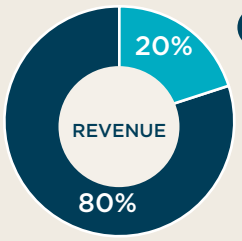
MORE THAN
78,000 BEDS

300,000
PATIENTS AND RESIDENTS



Clinics and home care services

Nursing homes and assisted living facilities



REVENUE
€3.336 billion
+6.4% vs. 2017

EBITDA (% of revenue)[1]
14.3%
+30bp **vs. 2017**

NET PROFIT, GROUP SHARE[2]
€123 million
+28.1% **vs. 2017**

OPERATING FREE CASH FLOW[3]
€204 million
+19% **vs. 2017**

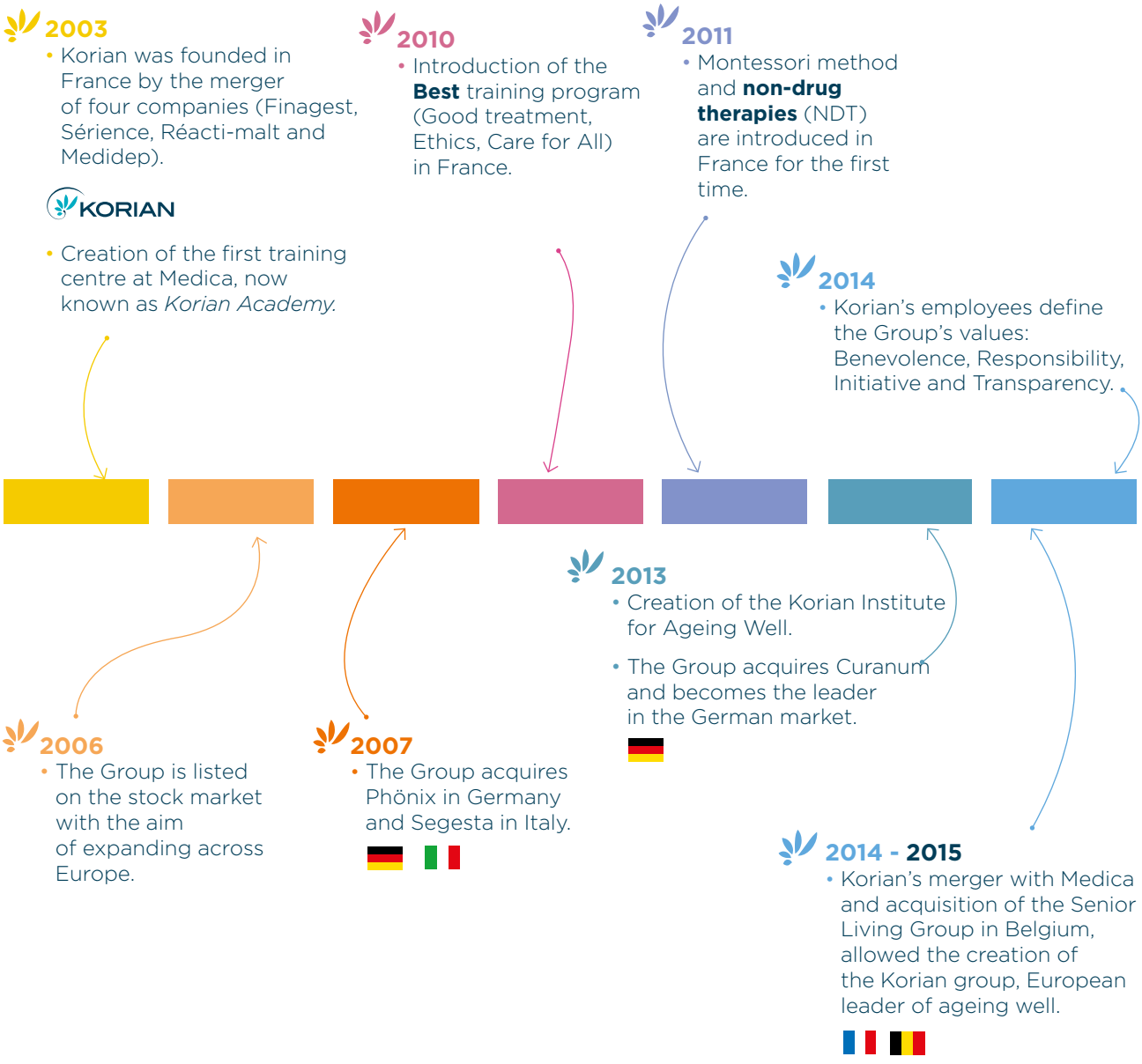
RESTATED LEVERAGE[4]
3.0x
vs. 3.2x **in 2017**

REAL ESTATE PORTFOLIO
€1.6 billion
+33% **vs. 2017**

1. EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. Corresponds to EBITDAR excluding rents.
2. 2017 NET PROFIT/LOSS, GROUP SHARE, used to calculate the change is restated for the impact of deferred tax, resulting in a restated 2017 net profit Group share of €96 million compared with €163 million before restatement.
3. OPERATING FREE CASH FLOW restated for the VAT refund recognised in 2017.
4. RESTATED LEVERAGE: (net debt - real estate debt) / (adjusted EBITDA - 6.5% real estate debt).

OUR **STORY**

Korian has been consolidating and diversifying its operations for the last 15 years, shoring up our position as Europe's leading provider of services for the elderly and vulnerable.



2016

- The **Korian Academy** is spread across Europe.

KORIAN ACADEMY

- The ***"Positive Care"*** approach is officially embedded in the Group.
- New operators are integrated in Germany (Casa Reha) and Belgium (Foyer de Lork, OTV, Senior Assist). Consolidation of the Group's health services in Italy.

2017

- Korian introduces the Centenarian Celebration Day in France on 24 June.
- Korian is the first company in the sector to sign a **Quality of Life at Work** agreement (France).
- **The Korian Foundation for Ageing Well** is launched.

FONDATION KORIAN POUR LE BIEN VIEILLIR

2018

- Korian creates the "Passeport Gériatrique" (Geriatric Care Passport), the first certified training course in France.
- Korian signs a nationwide partnership with the Union Nationale des Missions Locales in France.
- Equity investment in ***Ages & Vie*** in France.
- Korian Korian steps up its development in home care and hospital home care services by acquiring **Petits-Fils** and **CliniDom.**
- **Korian Solutions** is created, the first in-house digital agency.

KORIAN SOLUTIONS

- More acquisitions are made in France (Fondivina) and Belgium (Senior Assist).

2019

- Korian joins forces with 20 large groups to promote a more inclusive economy.
- Creation in France of the first joint Apprenticeship Training Centre (CFA) for the cooking and catering trades alongside Accor, Adecco and Sodexo.
- Acquisition of Oméga in France and Schauinsland in Germany.
- Korian moves into Spain and the Netherlands by acquiring Seniors and Stepping Stones.

KORIAN, **A EUROPEAN CHAMPION** OF SENIOR CARE AND ASSISTANCE SERVICES

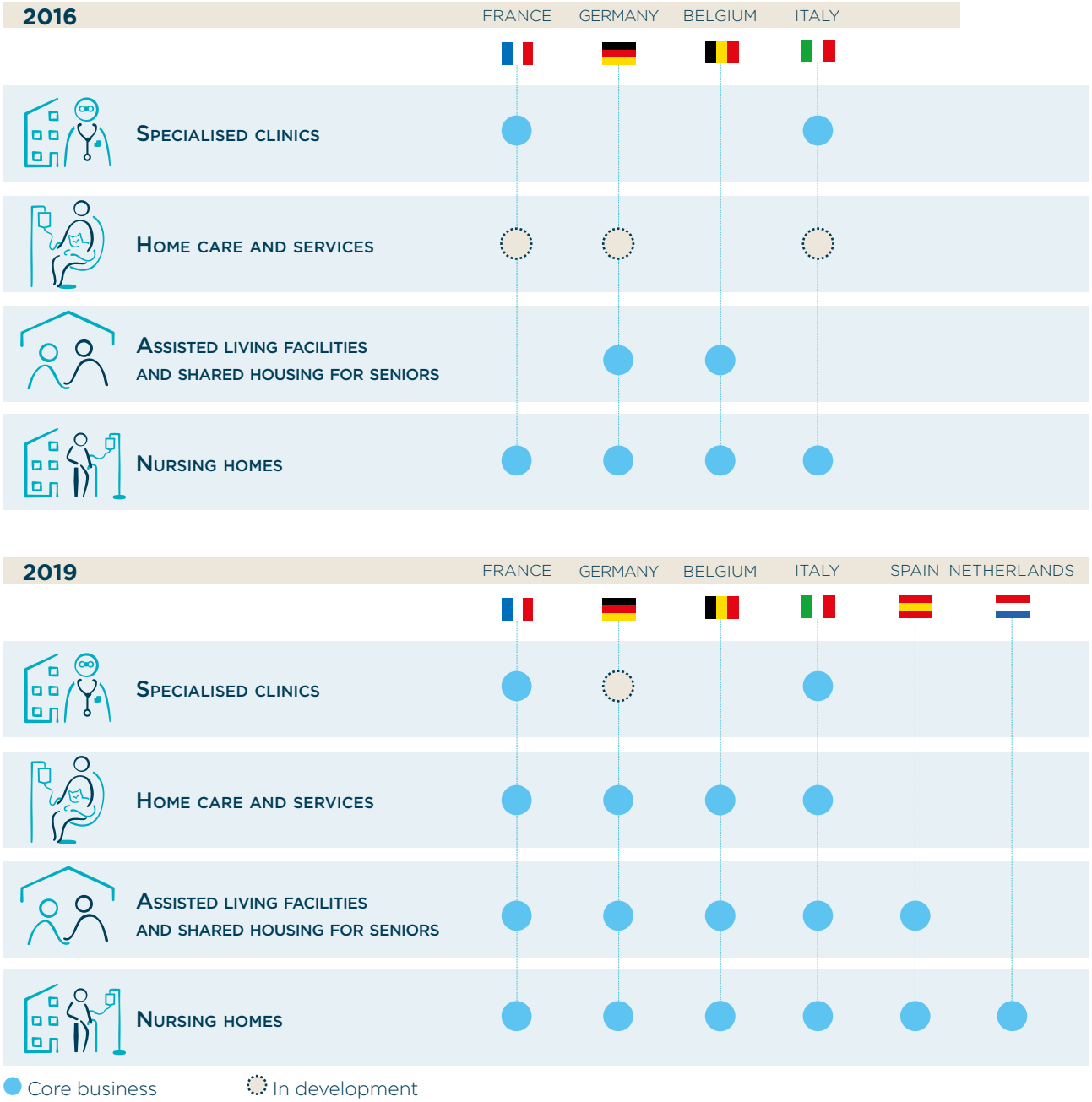
We now operate in six countries: France, Germany, Belgium, Italy, Spain and the Netherlands, representing more than 50% of Europe's population over 75 years old:



Figures at 24 April 2019. Position on the long-term care nursing homes market.

OUR **SOLUTIONS**

Korian now covers the whole range of care and assistance services in Europe, catering to the needs of the elderly and promoting independent living:



KORIAN, AN INTEGRATED CARE OPERATOR **SERVING OLD AGE AND VULNERABILITY**

About us

For the past three years, we have complemented our two core businesses – nursing homes and specialised clinics – by branching out into home care, out-patient care and assisted living facilities in order to offer a broad range of services and integrated care pathways to our patients and residents throughout Europe.



Specialised clinics

Our 86 specialised clinics provide temporary care (about 30 days) for physically dependent patients after a hospital stay or illness, intended to lessen their physical impairment and help them get back on their feet before returning home.

They specialise in 5 areas: musculoskeletal disorders, neurology, cardiovascular diseases, oncology, addictions and psychiatric illnesses. The clinics are increasingly focused on day hospital care or out-patient care, enabling patients to return home on the same day after being treated.



Home care and services

Our 117 home care facilities provide ongoing care after a stay in hospital. This not only reduces hospital stays but also defers the patient's institutionalisation.

Home care is a way of offering patients overall and coordinated care provided by a multidisciplinary team in their everyday environment. These networks partner up with medical-social facilities (long-term care nursing homes) and post-acute and psychiatric care facilities (hospitals and specialised clinics), healthcare networks, home-care organisations and various self-employed healthcare professionals to offer hospital home care (HHC) services but also home nursing services (HNS) and independent living support such as assistance with meal preparation or with administrative procedures.



Assisted living facilities and shared housing for seniors

Our 86 assisted living facilities host independent seniors who are looking for social contact, do not want to live alone and seek conviviality in an open and shared yet secure environment that promotes independence and well-being.

A range of *à la carte* services (catering, recreational activities, laundry, spa therapy, etc.) is offered, along with medical and nursing supervision provided by one of the Group's home care networks or long-term care nursing homes.

In France we also offer shared housing for the elderly. This consists of small residential units combining private and shared areas and forming a truly alternative type of housing for elderly people who are losing their autonomy.



Long-term care nursing homes

Our 672 long-term care nursing homes host elderly people who are losing their autonomy on either a temporary or permanent basis.

They are designed as proper living spaces and are fully integrated into the local healthcare and social network, providing a complete range of care services for residents depending on their needs and capabilities. They are increasingly focused on high dependency care and specialise in caring for those suffering from neurodegenerative diseases, such as Alzheimer's disease and related disorders.



OUR KEY ISSUES

ISSUES RELATED **TO AGEING IN EUROPE** FOR PLAYERS IN THE SECTOR

The dependency care sector is undergoing a transformation as Europe's population is getting steadily older and the incidence of age-related illnesses is increasing sharply. To respond to these issues and given the context of a structural supply deficit, each country has introduced a binding regulatory framework and appropriate financing to guarantee the quality of care provided to seniors.

/ Population trends forcing change in our societies

Life expectancy in Europe has increased to 77.9 years for men and 83.3 years for women (source: Eurostat, 2017). Among other things, this means that the earliest-born baby boomers are now in their seventies, shaking up all previous paradigms of intergenerational solidarity.

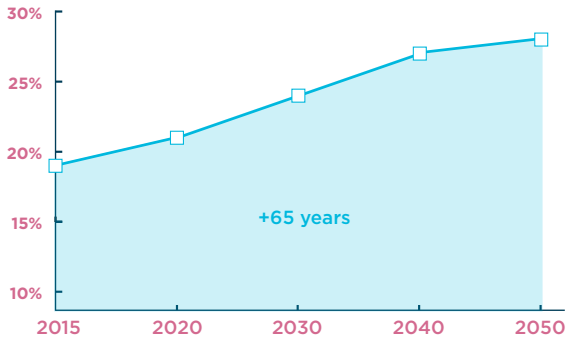
INCREASE IN LIFE EXPECTANCY

65+	85+	100+
+2.5% p.a.	+3% p.a.	x2
44-51 million	6.5-8.7 million	61,000-153,000

Between 2017 and 2027, in France, Germany, Belgium and Italy
Source: UN Dept. of Economic & Social Affairs.

In parallel, the number of family caregivers is set to decline, from 1.05 per elderly person to 0.77 by 2030 in Germany, Belgium, France, and Italy.

A GROWING POPULATION OF OVER-65'S



Within the European Union, as a % of the total population
Source: Eurostat, 2015.

Today, for the first time ever in the history of humanity, we have five generations living together. This demographic and sociological upheaval is forcing us to rethink our care models and the way we organise our care systems.



The feel of springtime at Maison Le Gentilé

> By 2030, cases of dementia and cognitive diseases such as Alzheimer's disease will have doubled.

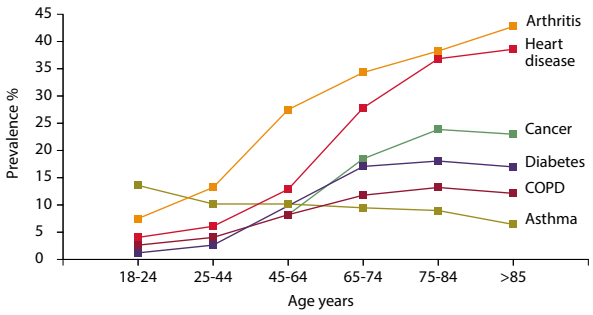
/ Strong increase in dependency and chronic diseases

As the population gets older, chronic age-related illnesses (cancer, cardiovascular disease, neurodegenerative disorders, etc.) will increase in correlation, giving rise to a need for long-term medical care.

INSEE estimates that the number of dependent and highly dependent people living in France, Italy and Germany will increase by more than 2 million between now and 2027. By 2030, cases of dementia and cognitive diseases such as Alzheimer's disease will have doubled in these countries.

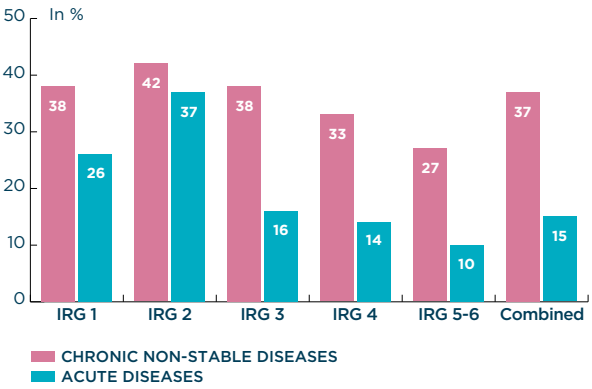
These illnesses often result in serious health complications and a gradual deterioration in quality of life. Those who are losing their autonomy require specific kinds of support over the long term.

Increase in chronic diseases



**Chronic Obstructive Pulmonary Disease.*
Source: Center for Disease Control (CDC) – NCHS, USA.

Prevalence of at least one non-stable or acute chronic disease among residents in long-term care nursing homes



The IRG (iso-resource group) corresponds to an elderly person's level of loss of autonomy. IRG 1 is the highest level of loss of autonomy and IRG 6 is the lowest.

Source: DREES 2011 LTCNH Survey.

/ Growing pressure on residential, care and treatment facilities for the elderly

As the number of over-80s increases, the available supply of long-term care nursing homes – in terms of the number of beds – has fallen. Decrease can be observed over the past ten years.

There are about 3 million beds in long-term care nursing homes in the euro zone. The five countries with the highest number of beds are Germany, Belgium, Spain, France and Italy, where the Group currently has most of its operations. Together these countries account for more than 2.3 million beds. Healthcare professionals estimate there will be a shortage of around 450,000 beds in these countries by 2025-2030*.

Specific feature of Europe's care sector:

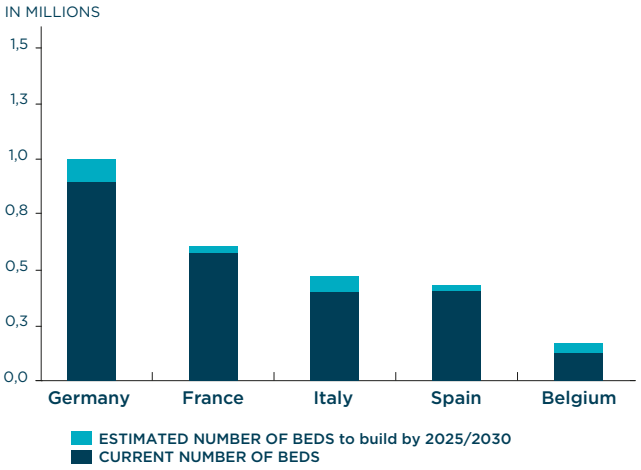
1 • Public and non-profit operators are highly predominant, accounting for between 60% and 90% of existing beds.

2 • The private sector is highly fragmented, consisting of lots of independent operators.

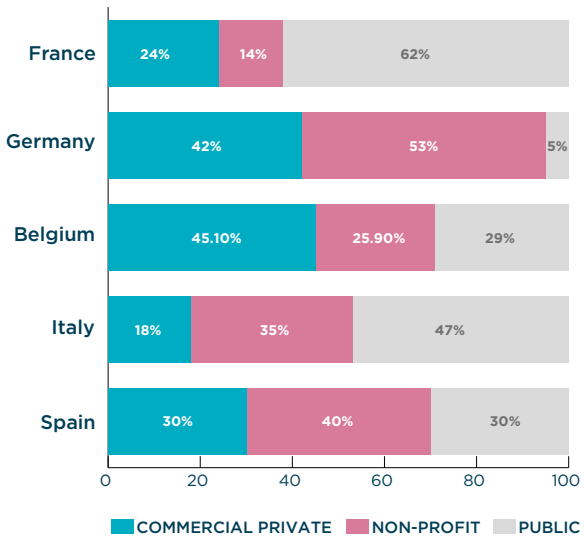
3 • Pan-European consolidation with large international operators buying each other up.

**Habiter le 4e âge au XXIe siècle en Europe* – Primonial Reim study on the elderly in Europe in the 21st century – November 2018

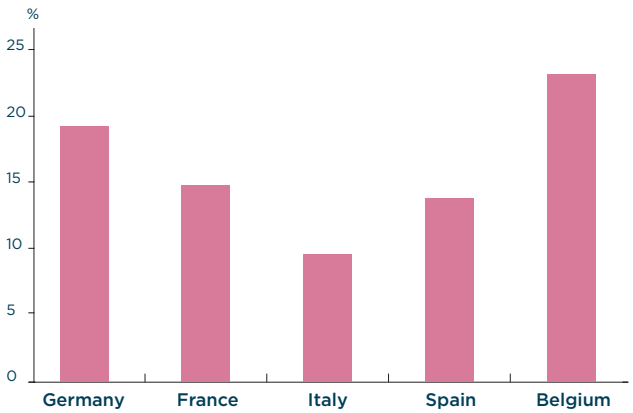
Estimated need in number of beds in long-term care nursing homes



Breakdown of beds by country and by type of operator



Equipment ratio in % of the over-80's population



Sources: Primonial REIM Research based on data from operators, Eurostat and OECD

> We work side by side with the local authorities that deliver our accreditations and help to fund treatments and dependency care, thereby contributing to our financial health.



Sweetness and light... and a smile at Maison Eyras

/ The need to adapt funding models

The dependency funding model will have to adapt to these new requirements. The rising costs incurred by local authorities mean they are no longer able to fulfil all requirements. Work on the funding model is underway in France (as part of the Loi Grand Âge et Autonomie, an upcoming new law addressing issues affecting the elderly) and in Germany.

As the care capacity deficit widens, public authorities are introducing support schemes and/or tax incentives to encourage stay-at-home care. But although this is helping to develop alternative and complementary models, facilities are finding it increasingly difficult to consistently cover staffing requirements to care for increasingly dependent residents. There is therefore a greater need for specialised staff, and not enough has been done to prepare for this.

/ A closely monitored and regulated sector

The European senior care sector in which we operate is highly regulated and closely monitored.

In France, Belgium, Italy and Spain, any plans to create, transform or extend a nursing home or specialised clinic requires administrative authorisation from the regional and national supervisory authorities. The process of obtaining such authorisation varies from one country or region to another, but it is always tightly monitored. In addition, the number of new authorisations granted is limited, which means that barriers to entry are high and competition is low.

Germany also has a very strict regulatory framework, and compliance with operating, safety, environmental and employment standards is tightly controlled by the public authorities.

(see paragraph 3.4.1.3 of the registration document)

Our key issues

Regulations on covering healthcare expenses and on combining revenue streams into flat-rate packages vary from one type of service or country to another, and they change regularly in line with regulations applicable in each country or region. These flat-rate packages are subject to annual or multi-annual negotiations between the public authorities and care sector organisations based on the level of dependency and treatment required by the residents and patients at each of the facilities.

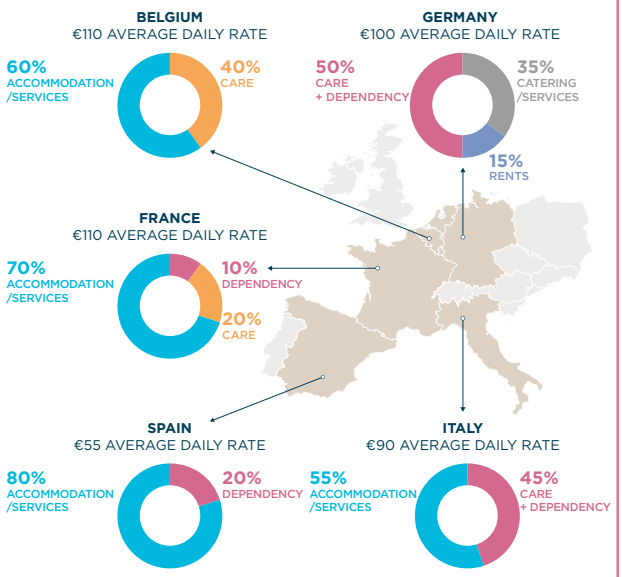
Our financial solidity enables us to provide excellent quality of care and services and to develop our models by diversifying our business lines.

In our specialised clinics in France and Italy, there are two categories of rates:

- for care-related services, rates are set by the regional authorities and financed by the national health insurance;
- rates for ancillary services (or "comfort" services) are freely set and are covered by the patient who requests them.

In France, the activity-based care allowance (*Dotation Modulée à l'Activité - DMA*) varies according to the disorders covered, but represents a maximum of 10% of the rate. It is also covered by the national health insurance.

PRICING STRUCTURE FOR NURSING HOMES



Source: Primonial REIM Research based on data from companies

Care services are paid for by health insurance and are strictly regulated and capped. They cover medical services required to treat medical conditions and paramedic care required due to loss of independence.

Dependency services cover all the assistance and supervision needed to carry out everyday tasks in order to make elderly people more independent. They are covered by local and regional authorities or health insurance, depending on the country.

Accommodation services are regulated, in the way they are defined and developed. They account for the largest share of Korian's revenue. This revenue stream also includes catering and social entertainment at the facility. These costs are paid by the resident.

Additional services are provided to make residents feel more comfortable. These services are growing rapidly as demand increases and research progresses.

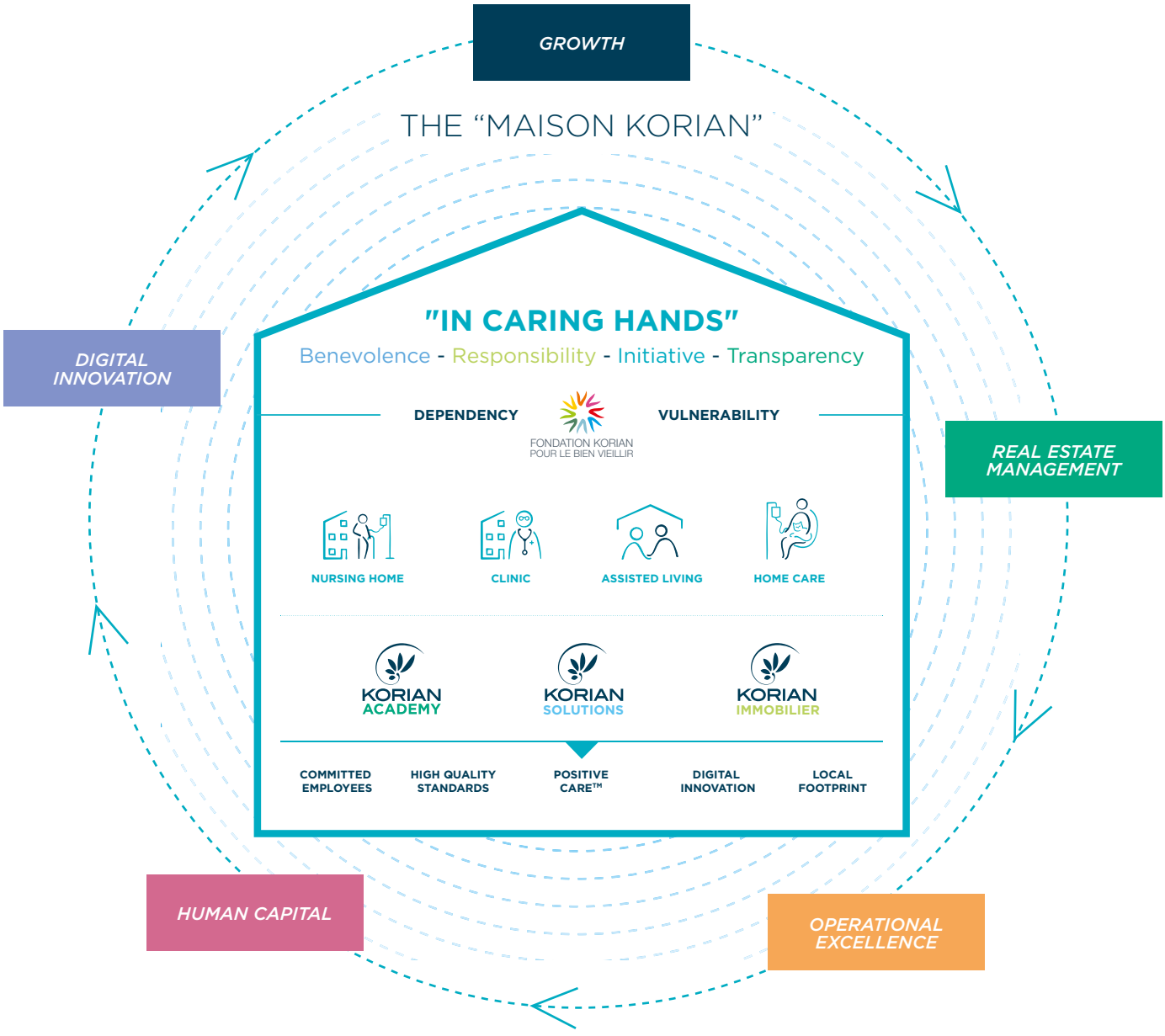


OUR **STRATEGY**



OUR *"RAISON D'ÊTRE"*

We aspire to become a trusted partner for elderly and vulnerable people and their families by providing personalised care and a better quality of life each day. This is why we make sure our social responsibility – reflected in our "Maison Korian" diagram – lies at the very heart of our business model and of everything we do.



THE **KORIAN 2020** PLAN

To meet the demographic and health-related challenges of the elderly, we intend to offer a range of services adapted to different situations - from vulnerability to dependency - with respect for individual choices and aspirations, in every region where we have a presence. To this end, our Korian 2020 strategic plan identifies five levers for change:



REINFORCE OUR GROWTH POTENTIAL

Combine organic growth generated from added capacity with efforts to optimise existing platforms and bolt-on acquisitions aimed at broadening our range of services and promoting local synergies.



USE REAL ESTATE MANAGEMENT TO BOOST OUR PERFORMANCE

Create value and support the Group's development by actively managing our property portfolio, setting up in-house property development teams, establishing global research partnerships with investors and increasing our ownership of strategic assets.



ACHIEVE OPERATIONAL EXCELLENCE

This is essential in order to meet the expectations of our patients, residents and families, to provide quality services and to deliver robust economic and financial performances.



INVEST IN HUMAN CAPITAL

By reinforcing the teams' quality of life in the workplace and deploying an active training and skills development policy for our employees to make the most of their expertise and know-how.



ACCELERATE DIGITAL INNOVATION

A crucial factor enabling the Group to improve its quality of service and stand out from the rest of the market by developing new concepts in the field of therapeutic care and in the use of digital technologies for the benefit of patients, residents and employees alike.

KORIAN'S **MATERIALITY MATRIX**

As an extension of the Korian 2020 plan, in 2017 we conducted our first materiality assessment to build our CSR strategy in keeping with stakeholders' expectations.

We ensure that we are always able to maintain an open dialogue with all our stakeholders:

- The elderly or vulnerable people we support and care for
- Families and caregivers
- Our employees
- Local authorities and communities
- Healthcare professionals
- Non-profit organisations and research centres
- Our suppliers and subcontractors
- Our shareholders

Our materiality matrix highlights the CSR issues we need to address through our CSR strategy and the ethical and responsible practices we adopt.

(See paragraph 3.1.1 of this registration document)





A GROWTH MODEL
IN SUPPORT OF A STRATEGY CREATING SHARED VALUE

Our aspiration as a company is to generate balanced growth and share created value with our stakeholders.

1 FULFILLING THE VARYING NEEDS OF OLD AGE

- A range of diverse and integrated services
- Sustainable growth in our business
- Innovative care concepts

2 ENHANCING OUR POSITIVE IMPACT ON COMMUNITIES AND THE ENVIRONMENT THROUGH OUR REAL ESTATE STRATEGY

- A pleasant, adapted living environment
- Facilities that respect the environment
- Continuous support for local development

3 BEING CONSTANTLY MINDFUL OF THE QUALITY OF CARE FOR THE ELDERLY AND VULNERABLE

- Help the elderly maintain their autonomy and freedom of choice
- Provide permanent support for family members
- Operational excellence to provide quality service

4 CARING FOR CARERS

- Attract and develop talent
- Well-being and quality of life in the workplace
- Promote diversity and inclusion

5 PROMOTING DIGITAL INNOVATION AND RESEARCH

- Digital innovation at the heart of our transformation
- Scientific research and sociological studies
- A different perspective on ageing

1 FULFILLING THE VARYING NEEDS OF OLD AGE

/ Broadening our business profile and range of services

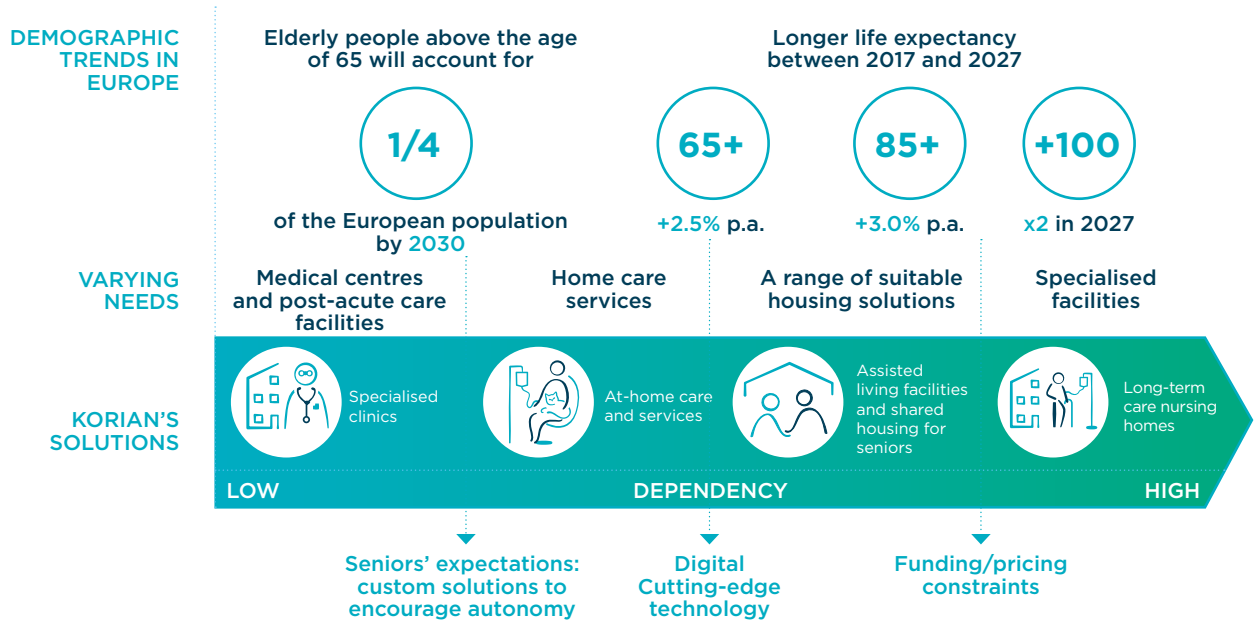
Elderly people and their families want to see more diverse and personalised care and services with new ways of supporting a loss of independence. This is why we offer integrated solutions including care and assistance services designed for people who are temporarily or permanently vulnerable.

The strict restrictions on capacity are also encouraging us to consolidate our positions and focus on our core business (nursing homes and specialised clinics) and to diversify, to develop new forms of care: out-patient hospitalisation, daycare, at-home care and services, assisted living and shared residences for seniors, and nursing homes.



A walk hand-in-hand at Maison Eyras Côte Pavée

Building integrated services to fulfil the varying needs of our seniors



Medical progress and technological developments have expanded the palette of support and care solutions available, whether at home or in medical facilities, depending on the person's degree of dependency.

According to a study by IPSOS*, 68% of people surveyed said they would prefer to adapt their home so that they could stay there; only 9% of people said they would like to move into a nursing home.

Korian offers local services, where people need them. These services are an integral part of the general care and services available in each region and are offered in partnership with local healthcare players (GPs, independent specialists, medical and surgical departments in hospitals and clinics).

Across Europe, we are developing home care services to offer seniors and their caregivers diverse solutions adapted to their needs, either before or after a stay in one of our specialised clinics or nursing homes.

Out-patient hospitalisation also gives patients the benefit of high-quality medical care and full rehabilitation, while staying in their own homes, with the aim of fostering and extending people's independence and delaying an eventual move to a facility.

In addition, to improve care for the most elderly and vulnerable patients in our nursing homes, we can provide a variety of solutions, through complementary synergies with our specialised clinics, in particular through geriatric care pathways.

Our recent acquisition in the Netherlands is a good example of specialisation in extreme dependency. Stepping Stones is a private operator that has developed a unique concept based on small residential care villas adapted to patients suffering from Alzheimer's disease or cognitive disorders.



Peeling, frying and laughing together in the Cooking workshop!

KORIAN STEPS UP ITS DEVELOPMENT IN HOME CARE SERVICES BY ACQUIRING PETIT-FILS

The acquisition of Petits-Fils in France is emblematic of our expansion in the home care segment.

Petit-Fils has 58 agencies in France offering dependent elderly citizens independent living support services including assistance with meal preparation, housecleaning and administrative procedures.

As was the case when Korian bought its majority stake in Âges & Vie in January 2018, this acquisition is consistent with our strategy of diversifying and expanding our range of services under the Korian 2020 plan.



Stepping Stones provides personalised care, which is perfectly well-suited to Korian's "*Positive Care*" approach, based on the specific needs and wishes of its residents who are mostly highly dependent. Residents are supported until the end of their life thanks to the company's expertise in palliative care.

After *Ages & Vie* in France, we are increasing our foothold in the small senior living communities segment and adapting better to the needs of our customers by expanding our range of specialised care services.

/ Developing innovative and integrated care concepts

Our approach prioritises dialogue with local players to integrate our facilities and services into each region's local healthcare and support service channels.

** Les personnes âgées en 2030 ("The Elderly in 2030") – Les études de Matières Grises – September 2018.*

Our strategy

To achieve this goal, we are developing two types of solutions:

- concepts based on innovative and mixed service platforms combining under one roof long-term care units for those losing their autonomy, assisted living facilities, and out-patient care services and centres;
- local networks offering local access for long-term care nursing homes to specialised clinics, post-acute and rehabilitation care services and home care services.

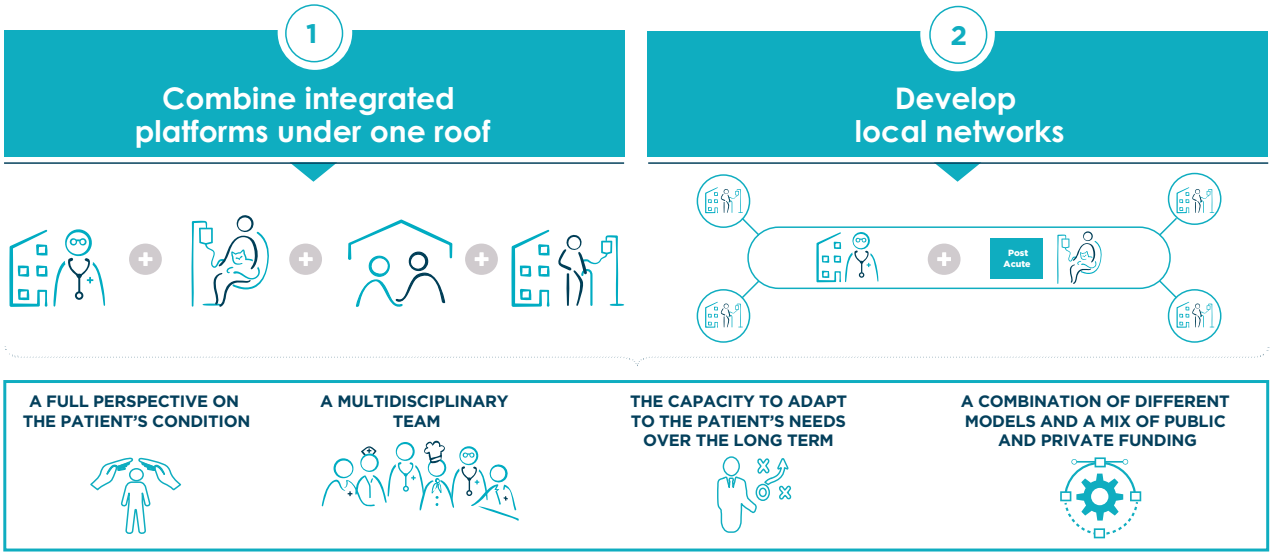
The aim is to switch from approaching each activity separately to an innovative integrated approach and to create a unique and seamless care pathway for each patient and resident.

These developments combine different public/private funding models and offer personalised solutions to meet the needs of the patient and resident over the long term so that they can be monitored by a multidisciplinary medical team throughout their care pathway.



SENIOR PLAZA BELGIUM: AN INTEGRATED MIXED-CARE CONCEPT AT THE HEART OF THE CITY CENTRE

An example of a multi-purpose, user-centric building, the Senior Plaza is located right next to the town centre with shops and restaurants nearby, providing a perfect place for people and activities to converge. The ground floor has a lobby that opens out onto the town and features a florist, a restaurant, a hair salon and a doctor's surgery. The complex includes a nursing home, an assisted living facility, healthcare practitioners (a nutritionist, a psychotherapist, etc.) and a senior daycare centre.



/ Making further bolt-on acquisitions in Europe

In accordance with our strategy of making bolt-on acquisitions, expanding our services and diversifying geographically, we are pursuing our development in Europe, with ten transactions in 2018 and five in Q1 2019, with the aim of creating local service and integrated path platforms.

> *We have expanded into two new countries, with the acquisitions of Seniors in Spain and Stepping Stones in the Netherlands, as we roll out our European growth strategy geared towards establishing local footprints and creating value.*

The Group also plans to continue increasing its capacity and hopes to have more than 93,000 beds by 2022 in Europe, spread out as follows:

	Pipeline	Renovation
	# beds End-2022	
FRANCE	35,372	*3,475*
GERMANY	31,925	*2,715*
BELGIUM	14,838	-
ITALY	9,235	-
SPAIN	2,085	-
Total	**93,455**	*6,190*

1 FULFILLING THE VARYING NEEDS OF OUR SENIORS

Our 2018 results and commitments for the future

DIVERSIFY OUR BUSINESS PROFILE AND RANGE OF SERVICES

- → **58 Petit-Fils agencies** and 200,000 hours of service each month
- → Target: 200 agencies to be opened by 2023
- → 20 shared housing development projects with ***Ages & Vie***

DEVELOP INNOVATIVE CARE CONCEPTS

- → **114 innovative real estate projects** in Europe, including **30 integrated city-centre concepts**

CONTINUE MAKING BOLT-ON ACQUISITIONS IN EUROPE

- → **3,500 beds** opened in 2019
- → Target: **93,000 beds** by 2022
- → **29** new facilities
- → **€173** million in growth investments including **€130** million in bolt-on acquisitions



A walk in the garden, arm in arm, at Maison Eyras

2 ENHANCING OUR POSITIVE IMPACTS ON COMMUNITIES AND THE ENVIRONMENT THROUGH OUR REAL ESTATE STRATEGY

We aim to step up our efforts to restructure our post-acute and psychiatric care and medical-social facilities in France and offer our patients, residents and employees a care environment complying with the best market standards.

/ Adopting a real estate strategy that creates value

Alongside our core business, we have adopted a real estate strategy to optimise our investments but also the locations we choose for our future facilities. Our aim is to reinforce our local footprint and create value from our real estate portfolio.

The asset-smart real estate strategy implemented since 2017 aims to actively manage the asset base by selectively increasing the asset ownership rate, and to reduce rental expenses by renegotiating leases. It has three priorities:

- **Take an active approach to managing the Group's real estate asset portfolio** with the aim of expanding and restructuring the network while developing a comprehensive and modular range of services to meet the needs of its customers. This approach is backed by our experienced in-house teams and through external partnerships. In France, the Group signed partnerships with Careit, Primonial REIM and the Icade group in 2018 to assist it in developing new projects.
- **Optimise the Group's portfolio by selectively increasing its asset ownership rate** at a time when the conditions for financing property are favourable. The Group's asset ownership rate at 31 December 2018 was 19%.
- **Continue renegotiating the Group's leases.** This plan, beginning with a portfolio of 150 leases, has so far enabled the Group to renegotiate 90 leases, primarily in France and Germany, and will reduce its rental expenses by more than €5 million in 2019.





"Together with Korian, we are thinking about what the nursing home of tomorrow ought to look like.

It is essential to bring life into these facilities: first of all social life, with open shared spaces to encourage communication – such as restaurants, cafeterias, day care units – but also private life, with areas designed to respect the person's need for privacy and autonomy.

We took our inspiration from the materials and warm colours found in nature, and wanted to create homely, inviting and comfortable living spaces.

We make natural light a centrepiece with wide openings to the outside environment, enabling residents to follow and identify with the seasons.

Our work and our thinking are fully consistent with Korian's "Positive Care" approach and will inspire its future construction and renovation projects."

Olivier Saguez,
designer and founder of Saguez & Partners, a global design agency.

We establish strategic partnerships to benefit from sustainable property expertise and envisage buildings whose energy consumption, resource requirements and impact on biodiversity are controlled over time and guaranteed by stringent certifications.

For example, the upcoming Ages & Vie shared housing projects in 2019 will be built with wooden framing according to HEQ (high environmental quality) standards.

> Korian is stepping up its efforts to restructure its assets with a range of innovative real estate concepts so that it can offer a full range of assistance services within the same area.

/ Optimising our existing network

We are actively renovating and restructuring our real estate portfolio through the "Boost" project in order to transform our existing platforms, develop new services and increase our care capacity, particularly in the field of day hospitalisation.

This project incorporates the "*Positive Care*" approach into the construction, renovation and operation of our facilities. The aim is to make care pathways seamless within the healthcare community, for instance with:

- key areas of expertise in healthcare and assistance for elderly or vulnerable people
- constant attention paid to helping the residents maintain their autonomy and incorporating their choices
- efforts to keep living spaces inviting and welcoming

In France, the "Boost" project includes plans to renovate 3,000 rooms by the end of 2019 and half of our long-term care nursing homes by 2022.



With Boost, things are moving in our homes...



Gardening together at Maison Serena

/ Reducing our environmental impact

With more than 800 sites in Europe, we have a large local and global environmental footprint. We have undertaken an ambitious venture to limit the amounts of water and energy we use and to adopt rational waste management practices.

We optimise energy and water consumption and waste management in our facilities in order to keep waste to a minimum. We regularly run awareness campaigns on eco-friendly actions to promote simple yet effective best practices and permanently change the consumption habits of residents, patients, their families and our employees.

/ Contributing to local economic and social development

Rooted in their regions and close to local hubs, the Group's facilities are outwardly open and play a key role in driving local economies, reinforcing social and intergenerational ties, fostering close cooperation with local players, and more.

We strive to make our purchases locally and are actively working with our partner Sodexo to include increasing amounts of local produce in our food purchases in France.

We know just how important our facilities are to the local environment and community, and we strive to create ties between our residents, our activities and the outside world. We particularly encourage communication and interaction between generations and build close ties with local schools or non-profit organisations.

Focus



Moulinot,
a local and responsible business

Moulinot collects the biowaste generated by some of Korian's facilities in Paris and the Paris region. The food waste is then transported by eco-trucks running on mains natural gas, before being transformed into vermicompost and energy.

This is then used to nourish farm soil or supply biogas and electricity. This is what we call the circular economy.

We also offer pathways to integration and professional qualifications for future employees who are still remote from the job market.

We are very proud to work with Korian!

***Stephan Martinez,** director of Moulinot.*

2 ENHANCING OUR POSITIVE IMPACT ON COMMUNITIES AND THE ENVIRONMENT

Our 2018 results and commitments for the future

ADOPT A REAL ESTATE STRATEGY THAT CREATES VALUE

- **19% property** ownership ratio
- Real estate portfolio valued at **€1.6 billion** (+33% vs. 2017)
- **€5 million** of savings generated thanks to renegotiated leases
- **€120 million** of investments in renovating and expanding the existing network: renovation of **+3,000 beds by 2019**

REDUCE OUR ENVIRONMENTAL FOOTPRINT

- **- 9.6% electricity consumption**
- **-2.9% gas consumption** (MWh per number of beds vs. 2016 in Europe)

CONTRIBUTE TO LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

- **73%[1] of the food we buy is made or grown[2]** in France,
- **98%** of bakers are small local businesses[3]
- **97%** local distribution[3]

1. Of purchasing costs.
2. For raw fruit and vegetables.
3. Same administrative region.

3 BEING CONSTANTLY MINDFUL OF THE QUALITY OF CARE FOR THE ELDERLY AND VULNERABLE

> *"Positive Care" means taking care of others with empathy, while respecting their choices, dignity and need for privacy.*

/ Deploying our "*Positive Care*" approach

Korian has developed a "*Positive Care*" approach to tailor the care of our residents and patients to their individual abilities, aspirations and the length of their stay.

It takes its inspiration from the work of Maria Montessori, who was a famous Italian doctor and psychologist. It is a holistic and positive approach to elderly people, enabling each individual to continue living a fulfilling life, achieving personal development and enjoying their autonomy in a welcoming and friendly environment.

We regularly assess each individual, with the support of the family, to evaluate their age-related and/or medical needs; their physical, cognitive, sensory, social and cultural capacities; and their wishes, habits and preferences for their well-being.

This assessment helps us to establish a personalised lifestyle and treatment plan with the person, based on four aspects:



Relaxation, bathed in pink light in our Snoezelen room...

THE "*POSITIVE CARE*" APPROACH: OUR STAFF ARE ALWAYS ATTENTIVE TO RESIDENTS, PATIENTS AND THEIR FAMILIES

What?	Leisure and entertainment	Domestic and social activities	Non-drug therapies	Medical & drug therapies
Who?	Recreational therapists	Gerontology care assistants, qualified nursing assistants, psychopathological assistants, Montessori specialists.	Psychologists, physiotherapists, occupational therapists, psychotherapists, psychomotor therapists, sports instructors.	Doctors, nurses, nursing assistants.
How?	PERSONALISED PLAN			
	LIFE PLAN		CARE PLAN	



A profusion of colour and light... a unique way of relaxing

The importance of social bonds

We are committed to making sure our residents have an active cultural and social life. Every day, our events organisers strive to tackle isolation and give residents a sense of fulfilment by designing, organising and leading enjoyable social activities that fit in with their lifestyle plans and the facility's goals.

Domestic and social activities

Our teams help our residents spend their days "as if they were at home" (cooking, getting the table ready, gardening), the aim being to maintain or restore their functional, cognitive and sensorial capabilities and enhance their social bonds and well-being.

Medical supervision

The minimal-medication approach is a priority at Korian's clinics and care facilities. We consider each patient individually, with one underlying objective: to take their personal needs into account as much as possible so as to provide them with just the right amount of medication and find the right balance between efficient treatment and patient well-being.



*"At Korian, we all strive to add life to our days, not just days to our lives. "*Positive Care*" is a new approach based on empathy and respect that considers care as a comprehensive whole and puts the patient or resident at the heart of everything we do."*

Faye Pires Dolores, speech therapist at the Evere facility in Brussels, Belgium.

Non-drug therapies (NDT)

We prefer to use non-drug therapies to treat cognitive and functional impairment, mood disorders (anxiety) and behavioural problems in residents and patients who have Alzheimer's or similar conditions.

Some examples

Snoezelen Space

A comforting space made up of stimuli and relaxing components such as bubble tubes, empathy dolls, LED wires and comfortable mattresses to help patients and residents relax.

Flash activity cart

Our "emergency cart" for patients or residents in distress. It contains a range of meditation objects. During a prior assessment, we identify the object that is most likely to calm each patient during an episode of anxiety. In the event of a panic attack, we know straight away what to offer the person for an immediate calming effect.

Doll therapy

Our care assistants have been using empathy dolls since 2010 to calm elderly people with neurodegenerative disorders during spells of anxiety. Doll therapy channels their distress by focusing their attention on a positive object. The person calms down and communication is restored between the care assistant and the resident without resorting to sedatives.

/ Making quality a priority at all levels

Operational excellence is essential in order to meet the expectations of our customers, provide quality services and thus deliver robust economic and financial performances.

Over the past 3 years, our operating model has reached a solid level of maturity that is consistent throughout our different regions and networks. We have achieved this in 4 ways:

1 • **By harmonising our standards and processes** in a network that is varied by nature, with a particular focus on our IT systems;

2 • **By reinforcing all our quality control and performance monitoring systems** through routine internal audits carried out in our facilities covering more than 150 topics, but also by providing our employees with the support they need at all times;

3 • **By working closely with our suppliers** as they contribute to our overall quality of service, with the introduction of a Group purchasing policy. The policy now covers 68% of our purchases vs. 40% in 2017;

4 • **By improving our operational and organisational efficiency.** This involves pooling and optimising our core functions and local support functions.



The highest standards at Les Trois Tours clinic



In 2019, we introduced the ISO 9001-2015 standard throughout the Group, beginning by defining standards to be applied in all our countries. Our entire network is expected to be compliant with this standard by 2021. This certification will help us firmly establish our operating model and ensure our operating performance and quality.

We also use the Ecovadis platform to assess our suppliers' CSR practices with regard to four aspects: Ethics, Environment, Social, Supply Chain. By the end of December 2018, 150 suppliers had been assessed using the Ecovadis platform, with an average score of 50.8%, which is 8.6 points above the Ecovadis average. Depending on how they fare in different categories, action plans are agreed upon with our suppliers on priority matters.

/ Maintaining dialogue with family members

The people closest to a person with an illness, especially a long-term or progressive condition, are often faced with difficulties and doubts, and are at risk of exhaustion and isolation.

Our unique expertise means we are well placed to provide help and practical solutions so that they can improve their skills and the quality of the care they provide in key areas: daily tasks, realising the importance of taking time out to relax, and the correct care practices and actions to adopt when dealing with cognitive disorders.

> *We are keen to involve families in the day-to-day lives of our patients and residents so as to encourage family ties, crucial to their well-being and the quality of care they receive.*

- Korian's psychologists and employees are always happy to chat with family caregivers, explain things and teach them caregiving skills;
- We regularly hold "Caregiver cafés" or "Alzheimer cafés" at our facilities to answer any questions families might have;
- We give family caregivers an opportunity to make a short stay at our facilities, offering them some respite and thus warding off exhaustion.



The sound of music at the Les Anabelles facility

3 PUTTING ELDERLY AND VULNERABLE PEOPLE AT THE HEART OF EVERYTHING WE DO

Our 2018 results and commitments for the future

DEPLOY OUR "*POSITIVE CARE*" APPROACH

- → **We applied non-drug therapies in more than 1/3 of our long-term care nursing homes** in Europe in 2018
- → **Target: 72%** in 2019 overall, 100% in France
- → More than **23,700 hours of training in *Positive Care*** in France in 2018

MAKE QUALITY A PRIORITY AT ALL LEVELS

- → **Quality audits:** 96.4% of the facilities audited received an A score (64.3%)** or B score
- → **Ecovadis audited 150 suppliers** accounting for 77% of the Group's procurements

MAINTAIN DIALOGUE WITH FAMILY MEMBERS

- → **Customer satisfaction rate in 2018** at Group level: 96%



Shared discussion and teamwork

4 CARING FOR CARERS

/ Attracting new talents

The healthcare and service sector needs to hire new talent to support its growth. We plan to recruit at least 10,000 new employees each year over the next 5 years.

We have thus committed to an active approach to professional promotion. Our employer brand strategy, which is particularly active on social media in Germany, gives us recognition as a model employer in the sector, both for students and young trainees and for more experienced professionals.

We promote apprenticeships and therefore establish long-term partnerships for this purpose with local healthcare schools. We take on interns in our facilities so that they can deepen their knowledge of geriatric care and be trained to our innovative practices. Our teams include 1,500 apprentices in Germany and 500 in France.

> The Group's employees are the essential building blocks of our performance. We continually invest in our 52,000 employees to improve their skills, know-how and well-being while also preparing for our future staff requirements.



THE FIRST APPRENTICESHIP TRAINING CENTRE FOR THE COOKING AND CATERING TRADES IS LAUNCHED

Korian, alongside Adecco, Accor and Sodexo, signed an agreement in March 2019 to set up a joint Apprenticeship Training Centre (CFA) for the cooking and catering trades. The event was attended by Muriel Pénicaud, Minister of Labour.

This partnership involves the cooperation of four leading groups from four different industries and will enable apprentices to take advantage of a broad range of skills but also to follow training programmes culminating in a professional qualification.

“The Korian group is a growing group and we need skills. Apprenticeships and training are at the heart of our challenges. The CFA is a solution to make our business known and attract talent.”

Rémi Boyer
Korian Group Human Resources and CSR Director.

/ Developing our teams’ skills

We set up the Korian Academy 16 years ago to offer a broad range of training programs – including e-learning sessions – to all our employees in Europe, irrespective of their occupation.

We provide training programs offering the prospect of promotion: expertise in geriatric care, programmes culminating in diplomas and certifications (more than 300 in France), Validation of Acquired Experience (VAE), managerial programmes, etc. At Korian, a nursing assistant can become a nurse, a nurse can become a head or coordinating nurse, a coordinating nurse can become a healthcare manager or facility director.

We have introduced a 3-year “Korian Campus” training programme, which improves the hands-on leadership skills of our directors and facility managers while promoting a shared management style based on team cohesion and the Group’s values. Our goal is to make it easier for our teams to work autonomously, communicate with each other, cooperate and draw on our collective intelligence to accomplish our goals.

We are pursuing this commitment in 2019 with the non-negotiable target of providing training for all 100% of the Group’s employees and greater efforts to promote apprenticeships in care and assistance services.



22 November 2018 - Congratulations to all the VAE (Validation of Acquired Experience) graduates!

/ Enhancing quality of life in the workplace for our employees

The safety, health and well-being of employees are essential to our goal to provide quality care and support to the elderly. We pay particularly close attention to preventing musculoskeletal disorders, evaluating occupational risks and managing psychosocial risks. In 2017, we signed the sector's first collective Quality of Life At Work agreement in France including practical measures to reduce risks when handling and caring for patients and residents.

In France, we set up a Department of staff specifically dedicated to risk prevention in 2019, with the aim of analysing the causes of work-related and occupational illnesses and helping facilities take concrete measures to improve risk prevention. We also reiterate our determination to improve issues pertaining to health and safety in the workplace, which are far from satisfactory across the industry.

Every two years, we conduct an in-house satisfaction survey among employees, called "Kommunity". The extremely positive survey results show that our teams take pride in their work and are increasingly engaged, but they also reveal areas that could improve their well-being and quality of life in the workplace. The next survey will take place in May 2019.

In our line of work, which is particularly exposed to these issues, maintaining good quality labour relations also means being attentive to our teams and providing them with the ongoing psychological and material support they need. In France, there is now an independent body that organises group sessions during which employees can voluntarily express their views about their jobs and day-to-day activities.

Focus

Helpline

All employees are likely to go through a difficult period in their work or at home at some point in their life. In view of the emotional burden of working in our industry, and to prevent and reduce psychological risk among our employees, we have set up a confidential telephone helpline for all our employees, which is available 24/7.

The aim is to give our employees the opportunity to talk to qualified and experienced psychologists, receive support and put into perspective any difficult situations they may be experiencing or observing. A quarterly and annual review is conducted to anticipate any potential needs and work out what needs to be done to improve well-being in the workplace.

We now also provide our employees, who are mainly women, with an emergency childcare solution.



Enjoying each other's company...

/ Committed to promoting diversity and inclusion

Our society has undergone a thorough transformation across Europe. Our Group mirrors our society and its 52,000 employees, 82% of whom are women, and more than 120 different nationalities.

We consider diversity to be a source of social and personal enrichment that encourages us every day to find ways to promote an ever more inclusive and welcoming organisation. Our success depends on the quality of our services, and this in turn depends entirely on our expertise, involvement, professionalism and ability to work well together.

In France, the "Mission Handicap" set up in 2014 provides individual support to encourage the integration and retention of disabled workers. It covers training, work reviews, adapted job duties, access to equipment and tools to suit their needs, etc.



Working at Korian is a vocation

> *Our success depends on the quality of our services, and this in turn depends entirely on our expertise, involvement, professionalism and ability to work well together.*

4 CARING FOR CARERS

Our 2018 results and commitments for the future

ATTRACT NEW TALENT

- → **11,000 new hires** in 2018
- → **2,000 apprentices** in Europe
- → **41% of employees aged over 46,** posing a real challenge in an already understaffed sector

DEVELOP OUR TEAMS' SKILLS TO FULFIL THEIR NEEDS

- → **Over 750,000 hours** of training every year in Europe; that's an average of 15 hours of training for every employee per year
- → 100% of facility directors in France received training

ENHANCE QUALITY OF LIFE IN THE WORKPLACE FOR OUR EMPLOYEES

- → **Results of the *Kommunity* survey:**
  - 77% of employees feel committed (+9 points)
  - 94% of employees are proud of their work
  - More than 2,200 action plans to improve quality of life in the workplace in Europe

→ **1,495 disabled worker FTEs in Europe in 2018,** +27.5% vs. 2016



Clicking together at Maison La Pompignane

5 PROMOTING DIGITAL INNOVATION AND RESEARCH

/ Making digital technology central to our transformation

Digital innovation is a crucial factor helping us to improve our quality of service and the quality of life of our patients and residents. In 2018, we set up an in-house digital agency – "Korian Solutions" – with the aim of speeding up the Group's digital transformation.

KORIAN SOLUTIONS

> *Korian Solutions is enabling us to step up our digital transformation and expand our range of home care services.*

The purpose of Korian Solutions is three-fold:

- **Expand our range of home care services** in open partnerships with other sector operators in order to meet all the needs of dependent and elderly or vulnerable people;
- **Improve the quality of service offered to our patients and residents** by optimising the operational efficiency of our staff, for instance by managing staff cover or recording treatments provided;
- **Encourage communication between elderly people and their family members** through social media and new digital tools.

By structuring our relationships within our ecosystem and opening up our network of facilities to digital innovation, we are consolidating our entrepreneurial culture and our community footprint.

Korian Solutions helps us achieve this by joining forces with well-known partners – such as Doctolib or groups like Pharmagest and Patientys that are rolling out new modulable home care solutions – but also innovative start-ups such as medGo and Familéo.

KORIAN CASTEL VOLTAIRE: A NEW-GENERATION DIGITAL NURSING HOME

Korian Castel Voltaire is located in Châtillon (France). The facility consists of a connected and innovative long-term care nursing home linked up to an assisted living facility.

The new technologies that exist at the heart of this unique facility are actively involved in rolling out the *Positive Care* approach and are making practical improvements in the well-being, safety and comfort of our residents, in their communication with their families and in the quality of life in the workplace for our employees:

- immersive displays to enable residents to "travel" each day without even having to move,
- modulable lighting depending on the biorhythm of our residents,
- rooms equipped with connected boxes that control the temperature, lighting and blinds but that can also sense if a resident has fallen over,
- a Connected Services box and dedicated smartphone application to encourage communication with family members.



In France, we have created what we call the *Parcours Objectif Patient (POP) BPCO*, an innovative and coordinated care pathway for those suffering from COPD (Chronic Obstructive Pulmonary Disease).

The purpose of this comprehensive and innovative assistance solution is to improve the quality of life of our patients.

It is innovative because it combines three elements:

- the intervention of a coordinating nurse within the clinic;
- a personalised and secure digital platform for sharing medical and psychological/social information that we have developed alongside the Move In Med start-up;
- home care services specifically organised on the basis of a personalised programme of daily physical and breathing exercises.



/ Research to strengthen our medical expertise

The Korian Foundation for Ageing Well acts as an innovation laboratory that allows us to actively support scientific research. We are at the heart of an ecosystem of partners that are inventing solutions and innovations in our professions.

In close cooperation with world-class research institutes and universities, we take part in general-interest research programmes whose results are published openly and made available to the entire scientific community and specialists in ageing.

/ Changing the way society views old age

The Korian Foundation has a resolutely outward focus on its environment and ecosystem, and regularly holds debates streamed live on Facebook and theme-based roundtables in the regions. These debates and the scientific results obtained from the extensive research it conducts enable the Korian Foundation to actively contribute to a broader debate on the issues of old age.

Every 2 years, the Korian Foundation also conducts a large study on society in the form of a European ageing well Barometer in conjunction with Stéphane Hugon, a sociologist, and the Ipsos Institute. In 2018, a representative panel of 8,000 people from 4 European countries (France, Germany, Italy and Belgium) were interviewed for a survey on the recognition and value of elderly people's contribution to society. The results of this survey show that the elderly are increasingly questioning their role in society and also how essential digital technology is in helping them feel useful and independent.



A FEW WORDS FROM

AUDE LETTY,
Managing Director of the Korian Foundation for Ageing Well

The Korian Foundation, a partner in the public consultation on "how best to look after our elderly?"

"The Korian Foundation is very proud to be a partner in the public consultation on 'How best to look after our elderly?' organised by Make.org.

The consultation involved 415,000 people, 18,300 proposals and 1.7 million votes. It was a truly popular and civic success, and the biggest public consultation ever held on the subject of elderly people.

The conclusions obtained from the consultation confirm that there is a need for everyone involved in the sector to commit to assisting elderly people and giving them a role to play in our society. The Korian Foundation will make use of the results of its studies and public consultations in the regions to drive the transformation workshops that will be held in 2019 to find practical solutions to the expectations and concerns expressed by society's members during this consultation."



"The elderly, officially recognised as serving the public good", a Korian Foundation debate held in September 2018.

Focus

Street clothing in nursing homes helps to improve the quality of communication between care assistants and residents

A study called STRECLO* was carried out on the initiative of the Korian Foundation for Ageing Well in partnership with the Psychology of Ageing and Adaptation Laboratory at François Rabelais University (Tours) to assess how the clothing worn by care assistants (street clothing vs. uniform) affects residents with neurocognitive disorders.

The results show that removing the lab coat from interactions reduces the "institutional" distance between residents and caregivers and helps residents feel more "at home" and have conversations that are more personal and less health related.

The study is part of Korian's determination to identify all the factors that will help it roll out its *Positive Care* approach, which involves changing the way care assistants approach and perceive the people in their care. Operational recommendations are in the process of being drafted to help Korian's facilities bring this practice on board.

* Abbreviation of STREET CLOTHES



5 PROMOTING INNOVATION AND INNOVATIVE CULTURE

Our 2018 results and commitments for the future

A CENTRAL ROLE FOR DIGITAL TECHNOLOGY IN OUR TRANSFORMATION

→ **The "Korian Generations" social media app**

- Korian Generations app used in 100% of our facilities in France
- **1 million logins and over 100,000 messages** sent since the app was launched in 2017

RESEARCH TO CONSOLIDATE OUR MEDICAL EXPERTISE

→ **156 facilities and 820 employees** have taken part in research projects since 2013 in France

→ **44 scientific articles**

CHANGE SOCIETY'S PERCEPTION OF ELDERLY PEOPLE

→ **2,261 participants** at Korian Foundation debates and roundtables since September 2017

→ **3,636 logins** to Korian Foundation Facebook Live

→ **4,000 subscribers** to the Korian Foundation newsletter



2

RISK FACTORS

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2.1 RISK MANAGEMENT

The Company continually reviews the risks to which it is exposed and prepares an annual mapping of these risks.

The risks described below are those that the Company considers, on the date of this report, as potentially having a material impact on the Group, its business, financial position and results, or on its development. The negative impact of these risks is evaluated with regard to the probability of occurrence and the estimated materiality. However, the list of risks described below cannot be considered exhaustive. The Group cannot rule out the possibility that other risks may arise in the future and have a material adverse impact. The control mechanisms associated with each risk are based on an accountability system that is defined and formalised at each level of the organisation, in particular through delegation of authorities, internal policies and procedures.

Some of the risks described in this chapter are associated with social issues, environmental issues, ethics and human rights. These main extra-financial risks are indicated in the tables below with the symbol. Chapter 3 of this registration document describes the policies that Korian implements to identify, prevent and reduce the occurrence of such risks, along with the results of these policies.

2.1.1 / STRATEGIC AND OPERATIONAL RISKS

2.1.1.1 Risks associated with the quality of treatment and care

Risk of epidemic

Description of the risk	Risk control measures
The development of a widespread epidemic could have an adverse impact on the Group's business, reputation, financial position and results, in particular because of the potential loss of business as a result thereof, as well as due to the additional costs that might be incurred by the need to implement extraordinary health measures.	The Group has put in place a hygiene and care quality policy to contain the spread of epidemic outbreaks and minimise, as much as possible, the consequences of an epidemic on its residents and patients. Each country's quality and medical departments continuously monitor epidemic episodes in order to adapt the due diligence measures in place and to ensure proper roll-out of the procedures to be applied in the event of an epidemic occurring in a facility (containment measures, wearing of masks, more thorough cleaning, *etc.*) as well as the need to report situations to the supervisory authorities in accordance with the rules applicable in each country. Moreover, the system for reporting serious adverse events aims to register all grouped cases of infection in each of the Group's facilities, which makes it possible to release an early warning of any epidemic phenomena to allow for proactive implementation of risk processing and prevention procedures. Control of the epidemic risk is also regularly checked, in particular as part of the annual self-assessment of the risk of infection in Korian facilities and as part of the 360° quality audits. Furthermore, in all the countries where the Group is located, awareness campaigns on the epidemic risk are organised to promote respect for hygiene rules and vaccination among staff as well as residents and patients, under the authority of the Group's Medical, Ethics and Quality department. In addition, in the event of an exceptional situation arising, the Group is organised in such a way as to manage any critical situation by applying a graduated crisis management approach in each country and Group-wide.

Risk of infection – Hygiene

Description of the risk	Risk control measures
The Group's facilities are subject to a set of regulations and best practices concerning the safety of persons, hygiene, health safety and the environment (in particular the handling of medical waste from activities with risk of infection). Failure by the Group's facilities to comply with these regulations could incur the Group's civil and/or criminal liability and damage its reputation, with an ensuing adverse impact on its business and financial position. Furthermore, major regulatory changes could incur additional expenses for the Group (installations, equipment, personnel, *etc.*), leading it to alter its investment plans or operating expenses and thereby delaying the implementation of its strategy.	The Group has defined strict internal procedures and ensures that the following best practices are applied: • mastering technical procedures; • controlling environmental factors (water, linen handling, waste with risk of infection, *etc.*); • promoting awareness of hygiene rules among residents, patients and families; • providing training to in-house professionals and external service providers; • developing working relationships with specialised health organisations. In particular, the management of infectious medical waste (**DASRI**) is subject to specific internal procedures with the objective of identifying this waste, using appropriate packaging (secure collection receptacles for needles, blades, cutting objects and containers), defining methods for intermediate and final storage for this waste, and collecting them for destruction at regular intervals, according to the legislation applicable in each country. These procedures aim to explain the process to follow to eliminate medical waste, comply with standard precautions, ensure individual safety and protect the environment. Control of the risk of infection is regularly checked in particular as part of the annual self-assessment of the risk of infection in Korian facilities and as part of the 360° quality audits.External audits are also conducted regularly by certified organisations, to ensure the proper application of best hygiene and care practices. Lastly, regular awareness campaigns are organised on a European scale to prevent any occurrence of infection in our facilities.

Risk of medication error

Description of the risk	Risk control measures
Each stage of the medication circuit may generate errors that could put residents and patients at risk, ranging from the inhibition of active agents to an increase in the toxicity of medication administered. Facilities may be liable if an error occurs in the medication circuit, in particular if a complaint is filed on the grounds that a person's life was endangered, or in the event of the temporary or permanent disability or death of a resident or patient. Such errors could be detrimental to the Group's reputation, thus generating an adverse impact on its business and financial position.	The Group's Medical, Ethics and Quality Department implements a preventive policy which is based on the control of the medication circuit, pharmacovigilance and identity monitoring, for instance by conducting an annual campaign on the correct usage of medication within all the Group's facilities. In all the Group's facilities, prescriptions (recorded in the person's medical file) are placed under the responsibility of the resident's and/or patient's physician (a Group employee or independent practitioner), and only head pharmacists and nurses are authorised to prepare and administer medication, which is stored in secure premises as required by law. Data on the administration of medication and its effects is fed into a monitoring tool, which enables the general practitioner to monitor the treatment of residents and/or patients. Control over the medication circuit is regularly checked, in particular as part of the annual self-assessment of the medication circuit in Korian facilities and as part of the 360° quality audits. Finally, the system for reporting serious adverse events aims to register any such incidents in each Group facility, enabling teams to work continuously on improving practices and reducing risks.

Risk of patients/residents straying from facilities

Description of the risk	Risk control measures
Due to the fact that the Group cares for persons who are at times disoriented (because they are suffering from Alzheimer's or similar diseases), there is a risk that residents and/or patients may stray from facilities without the staff's knowledge. These situations may have serious consequences for the person's health and could incur the facility's liability.	The risk of a resident or patient straying from a facility without the staff's knowledge is a constant concern for teams, and it is crucial for staff to respond promptly in such an event. When such an incident occurs, the ancillary risk of falls and injury is high. The Group has established a series of preventive and risk management systems that involves, in particular, an assessment of behaviours likely to present this risk, as well as staff training sessions and ongoing sharing of best practices. Control of the risk of straying is regularly checked as part of the 360° quality audits. In addition, the system for reporting serious adverse events aims to register all incidents of straying from a Group facility lasting more than two hours in each Group facility, which makes it possible to immediately inform the police authorities for immediate implementation of the appropriate alert and search measures.

Risk of suicide

Description of the risk	Risk control measures
Due to the fragile condition of the persons housed in the Group's healthcare and medical-social facilities, there is a risk of suicide or attempted suicide by residents or patients, which could expose the Group to liability.	Teams are particularity vigilant with respect to the risk of suicide throughout the stay of residents and/or patients in the Group's facilities. Preventive measures are implemented to assess the risk for each resident and/or patient based on several factors, such as their personal, family and medical environment as well as their psychological state. Members of facility staff are also trained to adopt the right approach to these persons at risk, using a method that focuses on safety, medical care and compassion, aimed at implementing adequate safety measures while seeking to strengthen social ties and adapt each individual's life plan. Moreover, the system for reporting serious adverse events aims to register all suicides and suicide attempts in each Group facility, in order to ensure implementation of the appropriate measures.

Risk of abuse

Description of the risk	Risk control measures
Although the Group makes it a priority to ensure compliance with ethical values when providing care to seniors, the risk of active abuse (physical or psychological violence or aggression, financial abuse, *etc.*) or passive abuse (restriction of the freedom of movement, disrespect toward a person, their dignity or privacy, *etc.*) cannot be totally ruled out. The Group or its employees could be held liable on such grounds, and the occurrence of such events could have an adverse impact on the Group's reputation and image.	Prevention of abuse is at the core of the Group's priorities and is implemented at different levels by: • formalising and circulating the Group's Ethics, Medical and Quality policies in accordance with ethical and regulatory requirements; • adopting a quality management approach to provide care for persons in conditions of optimal quality and safety; • regularly publishing recommended best practices to the directors and staff of the Group's facilities; • training members of staff in the proper procedures to be followed when providing care, with a focus on preventing abuse through personalised or therapeutic care plans (Korian *Positive Care*); • conducting an annual awareness campaign at European level; • adopting a zero tolerance approach to such acts by setting up measures to protect the vulnerable person as rapidly as possible; • setting up a whistleblowing system enabling employees to report any unethical practices.

Description of the risk	Risk control measures
	Lastly, combating abuse also means promoting proper care and respect, which in turn means behaving and acting in such a way as to value the person to whom care is provided, meet their needs and respect their rights, dignity and privacy. Moreover, the system for reporting serious adverse events aims to register all suspected or observed instances of abuse in every Group facility, in order to ensure immediate implementation of the appropriate measures. More information on Korian's *Positive Care* approach can be found in section 3.4.1 of this registration document.

2.1.1.2 Human resources risks

Description of the risk	Risk control measures
The Group's business requires qualified, available and committed teams comprised of staff with expertise in the fields of care, hospitality and catering, recreational activity organisation and administration. As a result, the Group's success depends heavily on its ability to attract, recruit, retain and train its employees. Difficulties in recruiting care staff in certain geographical areas and/or any increase in staff turnover, especially of qualified care staff, could have an impact on the quality of service provided within the Group's facilities and, in certain cases, potentially jeopardise its operating licences. These difficulties could damage the Group's reputation or drive wages up significantly. Moreover, any deterioration in the quality of life and working conditions of employees, or lack of attention paid to their health and safety, could have an adverse impact on staff turnover rates and staff commitment, and eventually undermine the quality of service provided in the Group's facilities (absenteeism, occupational accidents). Finally, the Group cannot rule out a possible deterioration in labour relations that might lead to disruption, such as strikes or other union actions, potentially impacting on the quality of service provided and the Group's financial position.	The Group has built its human resources strategy on three main pillars: "attract, develop, retain". The employer brand was reinforced with new pages on career development and innovative tools, such as the interactive "Korian Job House", on the website, along with efforts to modernise the Group's employer social networks and the organisation of job forums. Meanwhile, partnerships set up with training schools for nurses, caregivers and hospitality students have been systematised in order to attract young people interested in these professions as early as possible, for instance with "dedicated classes" being held. In general, the aim throughout is to diversify recruitment channels, for instance in Germany with innovative programmes seeking non-European nurses and mobile teams. Similarly, the use of apprentices has increased in Germany, where they now account for 9% of FTEs, and in France, where the plan is to double the number of apprentices by 2020. Close partnerships are also being created with government job centres in the countries in which Korian operates in order to help young people living far away from job prospects or from disadvantaged backgrounds by offering them jobs that can be easily accessed following an active training course carried out with Korian. Further information on the diversity and inclusion policy can be found in section 3.2.3. of this registration document. As regards career development and staff retention, the aim is to make Korian stand out from the rest of the market based on its corporate values, the quality of its work and its working conditions; on its union agreements in this domain; on continuous improvements in its social dialogue on the ground; and on the quality of its management. The internal job satisfaction survey, "Kommunity", carried out in 2017 helped to identify and prioritise action plans that are in the process of being deployed. This survey will be repeated in 2019 to measure the progress made. More information on the policy on health and safety in the workplace, the assessment of collective agreements and the internal "Kommunity" barometer can be found in section 3.2.1 of this registration document. Lastly, training is a key component to the system and is provided by the Korian Academy, the Group's in-house training institute. The target set out in the "Korian 2020" business plan to train 100% of the Group's employees by 2020 will be reached thanks to a portfolio of training courses, which has been revised and adapted to address to the new challenges facing the Group's main activities (care, catering-hospitality, recreational activity organisation, *etc.*), and to the availability of online training sessions. Further information on the Group's training policy can be found in section 3.2.2 of this registration document.

2.1.1.3 Safety-related risks

Risks associated with the safety of buildings

Description of the risk	Risk control measures
As public access buildings, all Group facilities are subject to strict fire and health safety regulations in particular as well as general building safety regulations. Non-compliance with these regulations by certain Group facilities could incur the Group's civil and/or criminal liability, lead to the suspension of operations and have an adverse impact on the Group's business, financial position and results, as well as be detrimental to its reputation. In addition, regulatory changes could incur additional expenses for the Group (installations, equipment, personnel, *etc.*), leading it to alter its investment plans, operating expenses or operating conditions, and thereby delaying the implementation of its strategy, which could impact its future results.	Each year, the Group invests the required amounts to help its facilities comply with the public authorities' directives. Meanwhile, the Group has set up partnerships with professionals, specialists and independent suppliers tasked with monitoring the safety of installations (equipment, buildings, *etc.*) and providing ongoing compliance monitoring and control. In each country in which the Group operates, the Real Estate Department, in conjunction with the operational departments, is responsible for determining the necessary upgrades required to comply with regulatory changes and for implementing investment plans designed to ensure that all facilities are modern, comfortable and safe. Moreover, each facility enters into contracts with external service providers to ensure the maintenance and proper working condition of its various equipment (lifts, heating systems, fire detectors, *etc.*) and to monitor sanitary installations (*e.g.* water potability). Moreover, the system for reporting serious adverse events aims to register all major technical malfunctions in every Group facility.

Risks associated with food safety

Description of the risk	Risk control measures
Failure to identify critical control points during the food production process or non-compliance with hygiene rules in the kitchen and during the distribution of meals could create a risk of infection or mass food poisoning of residents, patients and members of staff. Such incidents could incur the facility's liability.	The internal procedures describe the best practices to be respected in terms of culinary hygiene, raw material traceability, reception of goods, methods for producing and preparing products, and non-compliance management protocols. Food safety is ensured in all the Group's facilities, whether its catering services are handled in-house, as in most facilities, or outsourced in exceptional cases. Food hygiene is monitored by applying the Hazard Analysis Critical Control Point method to identify and analyse critical control points in the food production process, from the delivery of products right through to the consumer's plate. This involves hygiene assessments and microbiological tests on prepared "control" dishes and on kitchen work surfaces. Internal audits are coordinated by Korian's internal teams to ensure compliance with the rules and best practices and are supplemented by periodic systematic external audits by certified organisations. Moreover, a testing and evaluation methodology for the food production process is also applied in all countries in which the Group operates, in conjunction with the public authorities (such as France's Departmental Directorate for the Protection of Populations ("**DDPP**") or Belgium's Federal Food Chain Safety Agency ("**AFSCA**")) and with the Group's subcontractors and staff.

Risks associated with hot water (legionella)

Description of the risk	Risk control measures
Legionellosis is a respiratory disease linked to the *Legionella* bacteria, which leads to death in nearly 11% of reported cases. One of the known sources of human exposure to these bacteria is sanitary hot water systems. If a case of legionellosis were to arise, a facility might have to carry out specific works or close partly or completely, impacting its business.	To prevent *Legionella*-related illnesses, the Group has adopted risk management systems in all countries in which it operates and monitors compliance with applicable statutes and regulations. These systems are based on a set of best practices aimed at ensuring proper maintenance of installations that may be affected (*e.g.* water systems in particular).

Risks associated with medical equipment and devices – Medical device vigilance

Description of the risk	Risk control measures
Care of residents or patients may require the use of biomedical equipment and devices for diagnostic, therapeutic or rehabilitation purposes, which, if improperly maintained, could result in an erroneous diagnosis or malfunctions that could lead to a medical accident or inappropriate treatment. Furthermore, the use of reusable "**multi-patient**" devices may lead to infections. Such incidents could have an adverse impact on the activity of the facility in question and incur its liability.	The Group's facilities pay particular attention to these risks. To this end, an inventory of medical equipment and devices is carried out in all facilities, annual preventive maintenance is scheduled, reusable medical devices are identified and maintenance protocols are set up; medical device vigilance procedures (monitoring of incidents and the risk of incidents resulting from the use of medical devices) are operational and applied in all Group facilities exposed to the risks associated with medical equipment. In each country in which the Group operates, medical equipment and devices are inspected in accordance with regulatory requirements both by in-house staff and by the competent authorities (*e.g.* in Germany, by the *Technischer Überwachungs Verein,* an inspection and standards organisation).

2.1.1.4 Risks associated with information systems

Description of the risk	Risk control measures
The Group uses a certain number of IT solutions within its information system to manage the records and data of its residents and patients, as well as to manage its human resources, financial flows, accounting, *etc.* These systems are used in its day-to-day operations, so a major malfunction could temporarily paralyse the business, impact the quality of service and have a negative effect on the Group's results. Such a malfunction could have internal causes (obsolete systems, infrastructure not maintained, IT projects not properly supervised, malicious acts, *etc.*) or external causes (viruses, cybercrime, *etc.*).	To prevent such risks, the Group relies on dedicated expertise within each country's Information Systems Department to safeguard and, insofar as possible, prevent malfunctions in any of its management systems, thereby ensuring business continuity. The work of these departments is coordinated Group-wide. With respect to security, in particular, governance has been reinforced by creating the position of Group IT Security Officer, who is responsible for coordinating the actions of the IT Security Officers in each country. A common standard has also been rolled out to ensure a minimum level of security in each country where the Group operates. In addition, preventive actions are carried out with members of staff to raise awareness of the risks associated with digital technologies. Finally, the system for reporting serious adverse events aims to register all major information system-related malfunctions in each Group facility.

2.1.1.5 Data protection risks

Description of the risk	Risk control measures
Korian's business requires it to collect and process sensitive data, in particular the health data of its residents and patients. The Group also collects certain personal data that is necessary for its business to function properly (employee data, data required for billing, *etc.*). The Group is subject to the European General Data Protection Regulation ("**GDPR**") which came into force on 25 May 2018, as well as the different regulations governing the processing of personal data and health data applicable in the different countries in which it operates. The loss, theft or unavailability of personal data could create operational difficulties in providing care to the Group's residents and patients and lead to a decline in the quality of care provided. In addition, it could expose the Group to legal action by the persons concerned or the relevant authorities, impacting its reputation and possibly its financial position.	Under the GDPR, the Korian group has reinforced its measures to ensure that its activities comply with regulations governing personal data. In particular, a Data Protection Officer has been appointed in each country as part of a Group-wide effort coordinated by the Internal Audit and Control Department. A Group-wide personal data standard has also been established, with separate versions in each country depending on their specific needs and languages. Each item of processed data is recorded in a register, and a preliminary risk analysis and impact analysis is carried out in accordance with the recommendations issued by France's data protection authority (*Commission nationale de l'informatique et des libertés* - "**CNIL**"). Training courses have been designed to increase awareness among employees.

2.1.1.6 Risks associated with external growth operations

Description of the risk	Risk control measures
A significant portion of the Group's growth and development prospects lie in carrying out external growth operations. Due to the sector's consolidation in recent years, potential takeover targets could become scarce or more expensive. In addition, the Group might struggle to integrate any newly-acquired businesses, which would impact its performance and profitability.	The teams dedicated to the Group's development are notably responsible for constantly monitoring market changes, allowing the Group to position itself on the best opportunities. In addition, the strategy of broadening its offering and diversifying into different geographic regions enables the Group to multiply its development opportunities. Regarding integration, the Group benefits from significant experience allowing it to develop a systematic approach, by setting up an integration process driven by dedicated multidisciplinary teams, to enable the deployment of the Group's standards and systems.

2.1.1.7 Real estate risks

Risks related to the rental of property

Description of the risk	Risk control measures
The Group rents most of the buildings in which it operates its facilities and is thus subject to rent indexation and to the risk of rents rising during lease renewals. In all the countries in which the Group operates, rents are indexed to indices specific to each country linked to either the rate of inflation, consumer prices or a specific business sector index (*e.g.* the rent increase benchmark rate for long-term care nursing homes). A sharp rise in these indices in the years ahead could have negative consequences on the Group's results. The Group is also exposed to the risk of its rental expenses rising when its leases expire, which could have a negative impact on the Group's results.	The Group has set up a Real Estate Department with expertise in lease management mechanisms in order to manage the risk relating to its building leases. The increase in rental expenses as indices rise is only moderate on account of the underlyings these indices. In addition, these increases sometimes apply only after a certain threshold is reached (*e.g.* in Germany) or only to part of the rise in the index. Moreover, the real estate management policy is aimed at minimising the number of leases indexed to the more volatile indices such as the construction cost index (ICC), which corresponded to 16% of the Group's facilities in France at the end of 2018.

Description of the risk	Risk control measures
	In order to manage the risk of rents increasing during lease renewals, the Group has introduced active lease management procedures in each country based on a precise analysis of each lease and notably the occupancy cost ratio, the expiry date and any renewal clauses. In Germany and Belgium, 84% of leases expire after more than five years, and most leases have a renewal clause based on the last indexed rent. In France, besides the rent control mechanisms applicable to more than half of the Group's leases, the Real Estate Department has developed a systematic lease renegotiation policy, bearing in mind that many of its leases are contracted with institutional landlords with whom the Group has established lasting relations based on mutual trust. In Italy, most of the Group's leases offer the possibility of renewal on the same terms. The Group also takes an active and forward-looking approach to managing its leases. Finally, the Group has also increased its full ownership rate of its facilities from 15.5% in 2017 to 19% in 2018.

Construction-related risks

Description of the risk	Risk control measures
The Group also owns a certain number of facilities and is therefore exposed to construction risks, such as the risk of building defects, delays in the delivery of construction projects and non-compliance with regulations on disabled access for example. These risks may delay the start of operations or incur additional costs, which could impact the Group's business and results.	To protect itself against these risks, the Group has set up dedicated internal teams to focus on coordinating architects and project managers, handling the procedures for obtaining building permits and monitoring the progress of works.

2.1.1.8 Environmental risks

Environmental footprint risks

Description of the risk	Risk control measures
With 803 facilities across Europe, the lack of management and control of energy and water consumption as well as waste management could have an adverse effect on the Group's financial and environmental performance. Non-compliance with the environmental regulations in force could also result in substantial financial and administrative sanctions and be detrimental to the Company's reputation.	The Group has resources, procedures and tools in place to centrally monitor energy and water consumption as well as waste management in facilites, in order to optimize them and reduce waste, while ensuring the well-being and comfort of the elderly people it cares for and its employees. More information on Korian's environmental policy can be found in sections 3.3.1 and 3.3.2 of this registration document.

Climate risk

Description of the risk	Risk control measures
Certain major climate events may occasionally disrupt the operations of facilities and impact the quality of care provided to residents and/or patients. Such events could incur the Group's liability, affect its reputation and adversely impact its business and results.	Although it is difficult to assess the climate risk faced by facilities due to the unpredictable nature of weather, the facilities comply with applicable statutory and regulatory obligations and have adopted a series of measures aimed at preventing such events and taking action if they do occur. The crisis management system and business continuity plans include actions such as installing generators in the event of a power outage, as well as measures to ensure the safety of persons, including transferring them to other facilities if necessary. To deal with heat waves, for example, Korian's facilities have installed thermal insulation solutions (air-conditioned rooms and/or portable air conditioners, blackout blinds, *etc.*), and the managers overseeing caregivers have also set up protocols and training courses on issues such as hydration and the prevention and treatment of dehydration, which focus on identifying and paying special attention to persons at risk during such an event.

2.1.1.9 Competition risks

Description of the risk	Risk control measures
The Korian group operates in different markets in a competitive environment with a wide range of public and private peers offering different types of care services for the elderly: home care, long-term care nursing homes, assisted living facilities, physical therapy and rehabilitation clinics, *etc.* This variety enables residents, patients or their families to choose the most appropriate solution based on their situation as well as location, price, quality, *etc.* Korian's facilities and solutions could prove less attractive than those offered by its competitors. This could affect occupancy rates in the Group's facilities as well as its results.	One of the Group's priorities is to ensure its facilities remain attractive by offering its residents and patients a range of varied and high-quality care services. The level of quality is checked in 360° quality audits in all the facilities and through a "mystery client" check. The Group works closely with local prescribing physicians, with whom it maintains ongoing relations based on mutual trust. Moreover, the Group conducts strategic monitoring and market analysis to ensure that its services are in line with the expectations of residents, patients and their families. The Group has also begun to diversify its activities so as to offer a wider range of services, for instance by acquiring *Ages & Vie* (shared housing for seniors) and Petit-Fils (home care services).

2.1.1.10 Commercial risks

Description of the risk	Risk control measures
The Group's facilities may be exposed to claims and complaints by residents, patients or their families concerning the quality of medical follow-ups, the treatments administered, the care or the accommodation services provided. In addition, although the civil liability of physicians who work as independent practitioners in Group facilities covers any risks specific to their work, any such failing on their part could possibly damage the facility's reputation.	The Group pays particular attention to the quality of the services offered to its patients and residents. Procedures are regularly updated under the Group's quality assurance process and best practices, and are distributed to all its facilities. Staff training programmes are also designed to ensure high-quality care is provided. Moreover, regular checks are conducted (self-assessments, care audits, quality audits, *etc.*) on the quality of our services. Lastly, particular attention is paid to the claims and complaints of residents, patients or their families, and the Group endeavours to respond and resolve issues promptly.

2.1.1.11 Risk of dependence on key management

Description of the risk	Risk control measures
The Group's success depends, to a certain extent, on its ability to motivate and retain an experienced and talented management team. If the Group were to lose key managers, or if they were to become less committed, it could have difficulties replacing them or its growth could temporarily slow down.	Succession plans for the Group's key managers are kept up to date by the Group Human Resources Department, which works with international recruitment firms to monitor key positions within the Company and create a pool of pre-identified talent the Group can rely on with reasonable notice in the event of the unexpected or undesired departure of any of its managers. Moreover, the Group is organised in such a manner that the duties of the directors can be delegated to other employees during transitional periods, thereby ensuring the continuity of strategic activities.

2.1.1.12 Risks associated with subcontractors and suppliers

Description of the risk	Risk control measures
The Group works with numerous subcontractors and suppliers. Although the Group does not believe it is dependent on one or more of its subcontractors or suppliers, if one or more of them were to become insolvent or go out of business, or if the quality of their services or products were to decline, this could have an adverse impact on the Group by causing a decline in the quality of its day-to-day services and a rise in its related costs, particularly if it has to replace a defaulting subcontractor with a more expensive service provider. Such a situation could have an adverse impact on the Group's reputation and image and on its business, financial position and results. Under vigilance law, Korian must also ensure that its subcontractors and suppliers avert any environmental, social and governance risks relating to their activities.	The Group works essentially with listed suppliers registered by the Purchasing Departments in the countries where it operates. This listing takes into account their expertise reflected in the quality of the services or products they offer, but also their financial position, thereby reducing the risk that they may go out of business or become insolvent. Meanwhile, under its responsible procurement policy, Korian has introduced measures aimed at establishing lasting relationships with its suppliers while ensuring that they comply with the Group's principles of ethics and are able to avert any environmental, social and governance risks relating to their activities. To do this, supplier evaluations are done using the Ecovadis platform. More information on the Group's due diligence plan and responsible procurement policy can be found in section 3.7.2 of this registration document.

2.1.2 / LEGAL, ETHICAL AND REGULATORY RISKS

2.1.2.1 Regulatory risks associated with obtaining and maintaining operating licences and with statutory and regulatory operating requirements

Description of the risk	Risk control measures
The Group's operations are subject to strict laws and regulations in each of the countries in which the Group operates. In most of these countries, a licence must be obtained to open a medical-social or health facility, which is generally granted or renewed on the basis of procedures conducted by the supervisory authorities to assess and control the quality of the services provided, in accordance with the laws in force in each country. The non-renewal, suspension, limitation of activities or withdrawal of current licences would result in a loss of customers, which could impact the Group's business and results.	To prevent such a risk, the Group has put in place a series of measures aimed at ensuring that the Group's various departments closely monitor the care provided in its facilities. Audits are conducted regularly in order to ensure compliance with regulations and proper application of the Group's quality procedures. Moreover, it should be noted that, with the exception of Germany, the health policies in place in the four historic countries where the Group operates set limitations on obtaining new operating licences.

2.1.2.2 Risks associated with regulatory changes

Description of the risk	Risk control measures
The Group's activities are governed by a variety of statutes and regulations, covering for instance the care provided to residents and patients, operating licences, financing methods, public health, the safety of persons and property, the environment, taxation, *etc.*, so any major changes could have a material impact on the Group's business and results.	The Group protects itself against any negative consequences of regulatory changes by conducting a regulatory watch in each country in which it operates in order to anticipate any major changes. At the same time, the Group implements strategies to minimise any negative impacts, while ensuring its activities remain in compliance with the laws.

2.1.2.3 Risks associated with changes in rates and social policies

Description of the risk	Risk control measures
Rates applied in the Group's facilities are generally comprised of a portion paid by the residents or patients themselves, and a portion for treatment and care that is financed by the public authorities. In addition, residents and patients in certain countries receive public aid enabling them to reduce the share of accommodation expenses for which they are liable. A decrease in such aid would reduce the purchasing power of the persons concerned. Consequently, unfavourable changes to the social and pricing policies in a country where the Group operates, resulting in reduced public funding for the care of residents or patients or lower public aid payments, may have a negative impact on the Group's business, strategy, results, financial position and prospects.	The fact that the Group operates in several countries and markets and offers a variety of services enables it to limit any risk of a reduction in public funding by a given country's public authorities, and thus mitigate the Group-wide impact.

2.1.2.4 Risks associated with bribery and influence peddling

Description of the risk	Risk control measures
The Group is subject to Act No. 2016-1691 of 9 December 2016 on transparency, the prevention of corruption and the modernisation of the economy (the "Sapin 2 Act"), article 17 of which requires setting up a system to prevent and detect acts of bribery and influence peddling that may be committed within the Group. The Group's non-compliance with this provision, or the occurrence of an act of corruption, could result in legal proceedings and financial sanctions, and could be detrimental to the Group's reputation.	The Korian group condemns all forms of corruption, be they active or passive, private or public. The Group's commitment to tackling corruption has prompted it to draft the following documents and set up the following systems: • a mapping of corruption risks; • an ethics charter for the Group, together with training modules; • a whistleblowing system *via* a secure external platform; • a policy governing gifts and invitations; • procedures to assess third parties; • accounting control procedures; • the inclusion of corruption risks in internal audits. These systems will continue to be deployed and reinforced in the coming months.

2.1.2.5 Legal and tax risks

There are no outstanding, or threats of, governmental, legal or arbitration proceedings, including any of which the Company is aware, that may have impacted or did substantially impact, the Company's and/or Group's financial position or profitability over the past 12 months.

2.1.3 / FINANCIAL RISKS

Given the nature of its activities and its development, the Group is exposed primarily to liquidity risk and interest rate risk. The Group has set up various sources of funding described in sections 5.3.2.2 and 6.1 (note 9) of this registration document.

The Group's total net financial debt amounted to €2,724 million at 31 December 2018 and its average debt maturity is four years.

2.1.3.1 Liquidity risk

The Group periodically reviews its liquidity risk to ensure that it is, at all times, able to honour its financial liabilities as they come due.

Korian manages its cash on a consolidated basis in order to offset the cash requirements and surpluses of the subsidiaries within the Group. It centralises fund raising on the financial markets and, from time to time, authorises its subsidiaries to obtain financing from outside the Group, in particular for real estate projects.

The €650 million revolving tranche of the syndicated loan provides the Group with liquidity at all times under optimal conditions.

In addition, the syndicated loan agreement and the Group's bond issues have common clauses for this type of financing, *i.e.* financial covenants, general restrictive covenants and events triggering accelerated repayment. At 31 December 2018, the Group was in compliance with all the financial covenants relating to these contracts.

The Group's indebtedness is described in note 9.3 of chapter 6.1 of this registration document.

2.1.3.2 Interest rate risk

At 31 December 2018, most of the Group's debt was at variable interest rates. A rise in interest rates would increase the Group's financial expenses.

Korian therefore has a policy of monitoring and managing the risk of interest rate fluctuations. To protect itself against this risk, the Group holds hedging instruments that convert variable-rate debt into fixed-rate debt. It uses standard derivative instruments (interest rate swaps, swaptions, caps and floors).

The average maturity of its hedges is four years. As its bank and bond financing evolves, the Group adapts its hedging structure to keep it aligned with its debt profile, in accordance with the Group's prudent financial management policy.

The Group's interest rate exposure is described in note 9.6 of chapter 6.1 of this registration document.

2.1.4 / INSURANCE AND COVERAGE OF RISKS

2.1.4.1 Coverage of operational risks

The Group's policy is to align its coverage limits with the replacement value of its insured property or, in the case of liability coverage, with an estimation of Group-specific risks and of reasonably foreseeable sector-specific risks.

In all the countries where it operates, the Group has taken out insurance policies that cover its civil liability, its risk of property damage and business interruption, risks related to the automobile fleet, and the financial consequences of the liability the Group's companies may incur as a result of their activities, as limited by the deductible amounts and up to the policy limits.

Starting on 1 January 2019, in order to optimise the level of coverage and policy limits, the Group introduced a joint insurance programme for France, Germany, and Belgium for liability, risks of material damage, and the automobile fleet.

The Group's other countries will gradually be included over the coming years.

For the construction projects it carries out as project owner, the Group takes out policies covering structural damage, its liability as a property developer and comprehensive worksite liability.

2.1.4.2 Liability insurance for directors and officers

The Company has taken out insurance to cover the civil liability and criminal defence of its directors and officers arising from personal breaches of duty committed in the course of their work for the Group. This insurance covers company officers, de facto managers and any individual sued on the grounds of a professional breach of duty committed in the course of administration, management or supervisory activities carried out with or without a formal mandate or delegation of powers.

In an effort to streamline the number of insurance policies it takes out, as of 1 January 2019 the Group's new insurance policy covering civil liability and criminal defence of all the Group's executives, in countries where it operates, also includes crisis management, which used to be covered in a separate policy.

The Group's new policy would apply in situations that might have a substantial impact on Korian's share price, such as news of falling earnings or revenues, the loss of a patent or of an important contract or client, the death of a key executive, changes to individual company statements, the elimination or suspension of dividend payments, asset write-offs, the restructuring of debt, insolvency, a summons by an administrative authority or a hostile takeover bid.

2.2 INTERNAL CONTROL

To draft and implement its internal control and risk management system, the Group used the recommendations set out in the AMF's reference framework (entitled "Reference Framework on risk management measures and internal control" – the "**Reference Framework**").

2.2.1 / DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

Internal control refers to all processes in place within the Group that help it manage its business activities rigorously and effectively and control its risks.

More specifically, the purpose of internal control is to:

- ensure compliance with laws, regulations and the Group's values;
- ensure accounting and financial information is reliable and accurate;
- protect the Group's assets and reputation;
- ensure goals are reached;
- prevent and detect fraud and irregularities.

The internal control system aims to provide reasonable assurance, though not an absolute guarantee, that these objectives are met.

2.2.2 / INTERNAL CONTROL ENVIRONMENT

Internal control is based on a centralised structure with a policy of delegating responsibility to the operational and functional departments. In particular, the Group ensures that:

- its strategy and operational goals are clearly communicated;
- optimal guidance is provided to assist individuals in their work, particularly by spreading best practices;
- its employees have the skills and resources they need to perform their work. To this end, the Human Resources Departments in each country where the Group operates have evaluation, periodic monitoring and training procedures in place;
- processes are monitored.

2.2.3 / SCOPE OF INTERNAL CONTROL

The internal control system is applied to Korian and to all companies within its scope of consolidation.

Monitoring systems are in place to ensure satisfactory operations control. These systems are described in detail in the section below on internal control systems.

2.2.4 / PARTICIPANTS IN THE INTERNAL CONTROL PROCESS

The internal control process is implemented by the Board of Directors, the Group's General Management, the General Managements of the countries in which the Group operates, the operational and functional divisions and departments, and the Group's employees.

The main participants responsible for supervising the internal control system are listed below.

2.2.4.1 The Board of Directors and the Audit Committee

On behalf of the Board of Directors, the Audit Committee oversees the effectiveness of the internal control and risk management systems and reports back to the Board.

Its responsibilities are defined in the Board of Directors' internal regulations and described in paragraph 4.2.2.3 of this registration document.

2.2.4.2 Group General Management

The Group's General Management establishes the guidelines for the internal control system and ensures that it is implemented.

2.2.4.3 Risk and Compliance Committee

The Risk and Compliance Committee is responsible for monitoring risks and compliance, and is chaired by the Group's Chief Executive Officer. This committee meets every two months and reviews the Group's main risks and legal disputes, and also monitors implementation of compliance plans and legislative amendments based on reports from the General Managements in each country and the Group's functional departments.

2.2.4.4 Group Finance Department

The Group Finance Department is notably responsible for the quality and accuracy of the accounting and financial information produced by the Company and its subsidiaries. To ensure more efficient output, the units within this Department have been divided into specialist teams according to their function:

- in each country, separate teams are responsible for the facilities' accounting and management control;
- at the Group level, the units comprise, in particular, the treasury and financing department and the financial control department, which includes the consolidation teams.

2.2.4.5 Group Legal and Tax Departments

The Group Legal and Tax Departments are notably responsible for protecting the Group's interests and ensuring the security of its operations by providing support, advice and expertise.

In particular, they are active in the following three areas, which contribute to the internal control process:

- conducting a regulatory watch focusing on applicable rules;
- selecting external legal advisors and overseeing their services and performance;
- editing international standards and frameworks for operational implementation in order to adapt them to the Group's activities.

In general, legal and tax risks are monitored internally, with the assistance of external advisors if necessary.

2.2.4.6 Group Internal Audit and Control Department

The Group Internal Audit and Control Department is responsible mainly for the following:

- **internal audits:** implementing the audit plan approved by the Audit Committee by performing internal audit assignments and drafting recommendations aimed at improving risk management, compliance with internal control procedures, overall compliance and overall performance;
- **internal control:** drafting and updating internal control standards, and organising the self-assessment campaign within the Group;
- **risk management:** coordinating the Group's risk mapping exercise, including registering and assessing major risks and associated action plans;
- **Corporate compliance:** coordinating and supervising compliance programmes (anti-corruption, vigilance law, data protection).

The Internal Audit and Control Department reports to the Group Finance Department and regularly presents the results of its work to the General Management, the Risk and Compliance Committee and the Audit Committee.

2.2.4.7 General Managements in the countries where the Group operates

Assisted by their local Finance Departments, they are responsible for applying the Group's procedures, supervising financial performance and approving the financial statements within their respective subsidiaries.

2.2.4.8 The Finance Departments in the countries where the Group operates

The Finance Departments in the countries where the Group operates are responsible for verifying accounting and management data as per the Group's instructions, and for preparing the statutory financial statements.

2.2.4.9 The Quality Departments in the countries where the Group operates

These departments are important players in the operational internal control process. They are very closely involved in the risk management policy and the quality assurance process applied in the facilities.

Their duties consist primarily of:

- ensuring the quality management policy is applied;
- providing assistance to the facilities' management teams in implementing and monitoring their quality assurance processes and risk management systems;
- ensuring regulatory watch and keeping relevant documentation in the areas of quality and risk management, as well as any changes to certification and assessment procedures;
- assisting with the development of training aids, procedural monitoring, information gathering, assessments and performance indicators, as well as procedures and protocols;
- performing reviews, analysing risks and monitoring implementation of the Group's policies.

2.2.4.10 The Regulatory Departments in the countries where the Group operates

These departments ensure that facilities comply with their regulatory obligations, in particular by providing assistance in their relations with the supervisory authorities and monitoring compliance with the contractual objectives defined with these authorities.

2.2.4.11 The Information Systems Departments in the countries where the Group operates

Each country in which the Group operates has an Information Systems Department with the aim of safeguarding and, insofar as possible, preventing any management system from malfunctioning, thereby ensuring business continuity. The work of these departments is coordinated at Group level.

2.2.5 / INTERNAL CONTROL SYSTEMS FOR ACCOUNTING AND FINANCIAL INFORMATION

The Group is organised in such a way as to increase the speed and reliability of procedures for producing financial information.

2.2.5.1 The Internal Control standard

In 2017, the Internal Audit and Control Department deployed a common internal control standard for the entire Group. This framework was extended in 2018 and covers the main processes involved in preparing accounting and financial information.

An annual self-assessment campaign on the key internal controls described in this framework has been carried out since 2017 in the functional departments of each country

in which the Group operates. The feedback obtained is used to assess whether internal control procedures are adequate and effective within each subsidiary and, if necessary, to define action plans to be implemented.

2.2.5.2 Monitoring and controlling operational management

The operational management control unit reports to the Finance Department of each country. Its role is to monitor the operational performance of facilities and support functions relative to the targets assigned to them.

Budgeting process

Each year, a budget is adopted for each facility and each functional department on the basis of guidelines issued by the General Managements and Finance Departments of each country. These budgets are prepared on the basis of a framework common to all facilities produced by the operational management control unit, which reviews and then consolidates the budgets for each country.

This work is then reviewed and consolidated at Group level by the Group Financial Control Department.

The budgeting process also includes an update during the year with the production of three forecasts based on the financial information generated, thereby increasing the reliability of the financial forecasts.

Reporting

Each month, the operational management control unit produces a report that is sent to the Facility Directors, Regional Directors and Operations Departments of each country, as well as the General Managements of each country.

This report monitors key financial indicators such as revenue, occupancy rates, average accommodation rates, major expenditure items (particularly wages and salaries), trade receivables, cash flow and investments. Deviations from the budget or forecasts, and changes from the previous period, are identified, analysed and explained. This report is then presented to the Group's General Management by the General Managements, Finance Departments and main functional departments of each country at a formal meeting called the Business Review.

At the same time, the Group Financial Control Department produces a consolidated monthly report based on each country's management control information input into the Group's information system. This report is also presented to the Group's General Management each month, and corrective action is taken if necessary.

2.2.5.3 Preparation and control of financial information

The Group publishes half-yearly financial statements at 30 June (consolidated) and annual financial statements at 31 December (individual and consolidated), as well as quarterly revenue figures.

The preparation of consolidated financial information is overseen by the Group Financial Control Department, which reports to the Group Finance Department and is tasked with the following duties:

- circulating the Group's accounting and financial principles in the form of Financial Reporting Guidelines;
- preparing precise instructions, including a detailed schedule, which are forwarded by the Group Financial Control Department to the subsidiaries before each consolidation exercise;
- sub-group consolidation;
- using a single information system deployed in the Group's subsidiaries.

In addition, the consolidated subsidiaries draft a letter of representation addressed to the statutory auditors in which the Managements of the consolidated subsidiaries confirm the accuracy and completeness of the financial information submitted for the purposes of the consolidation exercise.

2.2.5.4 Debt and cash management

Debt and cash management are supervised at Group level. The Group's General Management submits a funding strategy to the Board of Directors. New credit facilities may require the prior authorisation of the Board of Directors, depending on the governance rules applicable.

The Company's available cash, whether from these credit facilities or from the generation of positive cash flow, can be made available to its subsidiaries through current account or inter-company loan agreements, in particular to finance the subsidiaries' growth operations. Nevertheless, foreign subsidiaries may, from time to time, take out local bilateral loans, subject to the prior approval of the Group General Management, the Group Finance Department and/or the Board of Directors, depending on the governance rules applicable.

In addition, the Group has set up a centralised system for managing means of payment in the administrative head offices of each country in which the Group operates. This therefore keeps the payments made by the operational sites to a minimum.

Lastly, the Group has a daily cash pool with its main banks. The consolidated monthly cash positions of each country are supervised by the Group Finance Department.

2.2.5.5 Internal control procedures associated with growth operations and commitments

All investment and divestment decisions are subject to the approval of an internal committee, either the International and Strategic M&A Committee for any international investments or acquisitions or those above a certain threshold, or the Group Investment and Commitment Committee. The permanent members of these committees are the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Real Estate Officer, the Group Development Officer and the Group M&A Officer.

Furthermore, the Investment Committee, a specialised Board of Directors committee, is responsible for reviewing and issuing an opinion, prior to the Board of Directors' decision, on all significant investment and divestment transactions, as described in greater detail in section 4.2.2.5 of this registration document.

2.2.5.6 Internal control for information systems

An efficient IT organisation is essential to guarantee that all accounting and financial information published is relevant and reliable. To that end, the Group continues to implement mechanisms that ensure its information systems are secure.

To remain consistent with the Group's requirements, existing applications are regularly adapted or changed altogether. These changes ensure that information flows are better managed and more secure.

2.2.6 / OPERATIONAL RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.2.6.1 "Governance" applied to operational risk management

To coordinate its Medical, Ethics and Quality policies, the Group has a Medical, Ethics and Quality Department whose duties include formally establishing a quality and operational risk management policy and defining guidelines for the Group-wide medical policy, in compliance with ethical principles and standards, and with the regulations of the countries in which the Group operates. This Department is also tasked with supervising the quality assurance process set up in each country, ensuring that practices are standardised and centralising the results of external or internal quality audits conducted in each of the Group's facilities.

To enhance this oversight, a Group Quality Committee comprised of the quality managers of each country and a Group Medical Committee made up of medical representatives were set up in 2017.

2.2.6.2 Serious Adverse Events (SAE) procedures

In each country where the Group operates, all serious adverse events are to be reported by the Facility Director to their supervisor, who assess with them the level at which the event should be handled. The SAE procedure includes various classification levels: SAEs involving the health of persons, SAEs involving safety, SAEs involving the operation of facilities and SAEs that pose a threat to the public and/or the Company's media image. Depending on the degree of seriousness and the level at which the event is to be handled, a local, regional, national or Group-wide crisis unit may be set up in accordance with the crisis management procedure.

The SAE procedure is not only a process for handling incidents; it promotes risk prevention as well, because each adverse event report is added to a database used to determine possible corrective actions. In addition, SAEs are consolidated and classified weekly at Group level on the basis of 14 criteria common to all countries.

This process is also defined in conjunction with the various supervisory authorities in order to ensure that the appropriate information is submitted (the events and the precautionary measures in place and/or planned), in accordance with applicable regulations.

2.2.6.3 Ethics of care, prevention and management of sector-specific risks

The Group endeavours to increase the consistency of its ethics approach, to identify and prevent all levels of risk inherent in Group activities, as well as to improve the overall quality of its practices and services for persons in its care (residents and patients).

The Group's *Positive Care* policy focuses on individual needs and expectations and aims to provide care to residents and patients in conditions of optimal quality and safety. This approach is key to improving our processes and resolving any potential issues.

This policy is based on its goal to always provide proper care and respect and thus improve risk control upstream through preventive action. This policy is monitored by a specialised Board of Directors committee, the Ethics and Quality Committee. A whole variety of training programmes, designed by a dedicated department, is offered to ensure the Group's ethical principles are applied on a day-to-day basis.

2.2.6.4 - Quality Assurance Process

In France, the quality assurance process is led by the Quality and Risk Management Department and aims to ensure the safety of medical care, the safety of persons and the quality of treatment and services offered. This Department provides the facilities with functional assistance in the form of control measures, personalised support and aid if necessary.

All facilities are subject to an annual review of the quality of all their care services and other services. Depending on the results of this review, an action plan and support measures are organised. A regional quality assurance team assists the facilities with deploying the quality management process. This quality assurance support helps them to prepare for external assessments of long-term care nursing homes and certification inspections of healthcare facilities (carried out by the French National Authority for Health).

In addition, a "Quality Manual" sets out the Group's policy and the main tools and best practices available to the facilities. It is updated annually and, in particular, sets out the Group's values, ethical approach and CSR commitments.

Moreover, occupational health and safety risks are carefully managed. The operational human resources managers update the Professional Risk Evaluation Document ("**DUERP**") to ensure these risks are monitored regularly.

Lastly, the Healthcare Risk Management and Supervision Committees ("**COVIRIS**") promptly handle any problems discovered and prevent them from deteriorating by organising overall risk management procedures.

In Germany, the Quality Department is responsible for drafting and updating the quality manual, as well as the procedures applicable to all facilities. The manual contains the legal and regulatory requirements, as well as the internal standards drawn up by said department. The statutory and regulatory standards are validated by the *Medizinischer Dienst der Krankenversicherung* ("**MDK**") departments, which are the authorities responsible for verifying the level of quality of services provided by facilities. The MDKs conduct a formal quality review of each facility at least once a year and the *Heimaufsicht* (private insurance authorities) perform multi-year reviews in each facility under their authority.

Meanwhile, the Quality Department ensures that quality assurance procedures are properly applied in each facility. These *Regional Qualität Managers* ("**RQMs**") supervise up to ten facilities and conduct a comprehensive review of each facility at least once a year. The RQMs forward the results of their internal reviews to the respective Regional Directors. The action plans are then reviewed monthly by the *Vorstand,* as well as by the Group's Medical, Ethics and Quality Department.

In Belgium, nursing and care homes are subject to federal and regional regulations, which were amended in 2014 and are aimed at reinforcing quality assurance policies. These regulations vary by region but, in general, nursing and care homes are required to adopt a quality assurance policy and a quality of care programme, and to draft written procedures for hand-washing, the isolation of residents with infections and restraint measures.

In Italy, the Quality Department is responsible for drafting the "quality protocol" applicable to long-term care nursing homes and specialised clinics. The Department's main duties are to provide training to employees, manage relations with certification bodies, and organise and deploy internal procedures. Each facility has a Quality Officer, who is a member of the facility's staff tasked with implementing the procedures distributed by the central Quality Department.

The entire Italian network is ISO 9001-2008 certified. The facilities have a Quality Management System ("**QMS**") based on a quality manual, with procedures adapted to each type of facility (tailored on the basis of the regulations applicable in each region). The corresponding operational documentation is published on the Italian group's Intranet and the facilities' servers. As a result, each facility can submit its own reports *via* the shared platform, to which only the Quality Department has full access.

Each facility has a "Crisis Plan" manual that describes all procedures to be applied with respect to the main risks identified.



3

NON-FINANCIAL PERFORMANCE REPORT

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Korian's CSR (Corporate Social Responsibility) strategy fully supports the company's social mission which is inherent to its core business and to its role as senior care services expert.

3.1 A CSR STRATEGY DRIVING THE GROUP'S SOCIAL MISSION

The employees of Korian are all committed to advancing a shared mission to make Korian a trusted partner for ageing or disabled people and their loved ones, providing personalised care and support over the long run, acting as a key social player. This social mission is the foundation on which Korian has built its CSR strategy.

3.1.1 / TACKLING KORIAN'S PRIORITY CSR ISSUES

Korian conducted its first materiality assessment in 2017, to identify the highest priority social, societal and environmental issues and ensure that the CSR strategy would correspond to stakeholder expectations. Twenty external European stakeholders, including investors, non-profit organisations, community representatives, industry experts and professional federations, were interviewed to find out what they expected from Korian in terms of the 25 issues that were presented to them, based on six topics:

- ethics and quality of care, patient and resident satisfaction;
- employee commitment and well-being in the workplace;
- business ethics;
- environmental exemplarity;
- innovation and new business models;
- consideration of local issues.

This initial short-list was then discussed by twenty internal stakeholders from all departments (Finance, Marketing, HR, Quality, *etc.*) to ascertain which issues had the highest impact on Korian's activities. This extensive internal and external consultation, combined with risk mapping and prospective analysis of industry issues, enabled us to produce an initial materiality matrix which is presented on page 21 of this registration document.

This matrix was used to depict, in order of priority, the CSR issues that needed to be addressed through the Group's CSR strategy and through the adoption of ethical, responsible practices. Accordingly, Korian has set itself five goals:

- **Enhance the engagement and well-being of its teams** to ensure quality of life at work and equal opportunities for its 52,000 employees in Europe, and to provide skills training and development via the Korian Academy.
- **Improve the quality of and respect for the environment of the facilities** by effectively reducing the amounts of water and energy used by all its sites, reducing and recycling waste, and making facilities pleasant and welcoming places to live and work.
- **Maintain seniors' independence and empowerment** with an innovative "*Positive Care*" approach, and by listening to residents, patients and their families.
- **Make a positive contribution to Ageing Well** by supporting research and innovation for care practices through the work of the Korian Foundation for Ageing Well and by embracing digital innovation.
- **Ensure Korian facilities play a key role in the community** by encouraging intergenerational connections and contributing to local social and economic development.

A Group CSR Manager, who reports to the Group Human Resources Department, is responsible for overseeing the CSR strategy for the Group and for supporting its deployment in all countries, while demonstrating that this approach also drives performance for the company by monitoring social, societal, environmental and financial indicators.

A network of European CSR Ambassadors regularly monitor and oversees the performance of extra-financial indicators at Group level and ensures that best practices are shared and harmonised across countries. To fully embed CSR into Korian's strategy, these indicators are reviewed every quarter by the European governing bodies already in place for each department – Human Resources, Real Estate, Quality, and Procurement – then annually by Korian's General Management.

3.1.2 / IDENTIFYING THE GROUP'S MOST SIGNIFICANT RISKS

As part of its risk management process, Korian also analysed its most significant risks to identify those which have a social, societal or environmental dimension and are likely to have an impact on the Group, its activities, its performance, its stakeholders or the environment. The methodology employed to identify the risks, as well as descriptions of them and their corresponding management mechanisms are described in chapter 2 of this registration document.

The table below summarises the primary CSR issues for Korian, as well as the associated risks identified through the Group risk assessment.

Pillars of our CSR strategy	Korian's CSR risk priorities	Policies in place	
Enhance employees' engagement and well-being	**Human resources risks:** Deterioration in the working conditions and health & safety of our employees	§ 3.2.1	Ensuring employee well-being and quality of life at work
	Human resources risks: Deterioration in labour relations	§ 3.2.1 § 3.2.3	Ensuring employee well-being and quality of life at work Committed to promoting diversity and inclusion
	Human resources risks: Shortage of qualified medical staff	§ 3.2.2	Developing professional skills and expertise
Improve the quality of and respect for the environment in the facilities	**Environmental risks:** Failure to control the energy and water consumed and waste generated in our facilities	§ 3.3.1 § 3.3.2	Efficient water and energy savings Reducing and recycling waste
	Risk of infection – hygiene: Failure to observe health and hygiene rules, resulting in cases of infection in our facilities	§ 2.1.1.1 § 3.3.2	Risks associated with the quality of treatment and care Reducing and recycling waste
	Climate risk: Occurrence of major weather events (*e.g.* heatwave)	§ 3.3.1	Efficient water and energy savings
Maintain seniors' independence and empowerment	**Risks associated with the quality of treatment and care:** Risk of epidemic, infection-hygiene, medication error, straying, suicide, or abuse	§ 2.1.1.1 § 3.4.1	Risks associated with the quality of treatment and care Adopting an innovative approach to care: *Positive Care*
	Risk in connection with safety: Risk related to building safety, food safety, hot water (legionnella) and medical equipment (Materiovigilance)	§ 2.1.1.3 § 3.4.1	Safety-related risks An innovative approach to care giving with *Positive Care*
Make a positive contribution to ageing well	**Competition risk:** services that are uncompetitive or irrelevant	§ 3.5.1 § 3.5.2	Supporting research and innovation for care practices Embracing digital innovation
Ensure that facilities play a key role in the community	**Risks relating to bribery and influence peddling:** Unethical business practices	§ 3.7.1	Acting with integrity, honesty and transparency
	Human resources risks: Shortage of qualified medical staff	§ 3.6.1	Contributing to local economic and social development
	Risk associated with subcontractors and suppliers: Inadequate control over the supply chain (pollution, accidents, failure to observe human rights)	§ 3.7	Ensuring ethical and responsible practices

This chapter explains the strategy adopted by the Group to address its CSR challenges. It also describes the policies and actions put in place to manage the main extra-financial risks, but also to seize the value-creating opportunities associated with these social, societal and environmental issues. This chapter also contains details on the results of the policies and actions carried out, as well as the indicators with which we track our social, societal and environmental performance.

3.2 ENHANCING EMPLOYEE ENGAGEMENT AND WELL-BEING

Those who work for Korian know that the work they do is profoundly human, meaningful, useful and underpinned by strong values. Korian's ambition is to become the benchmark employer in Europe's senior care services sector. To achieve this, Korian is actively working to improve quality of life and well-being in the workplace, to develop the skills of its employees, and to promote diversity and inclusion.

3.2.1 / ENSURING EMPLOYEE WELL-BEING AND QUALITY OF LIFE AT WORK

For Korian, ensuring a safe, pleasant and caring work environment is a priority. The Group is attentive to its employees' needs and is constantly improving their working conditions to ensure not only their health and safety, but also their well-being and satisfaction.

3.2.1.1 Permanent, appealing jobs

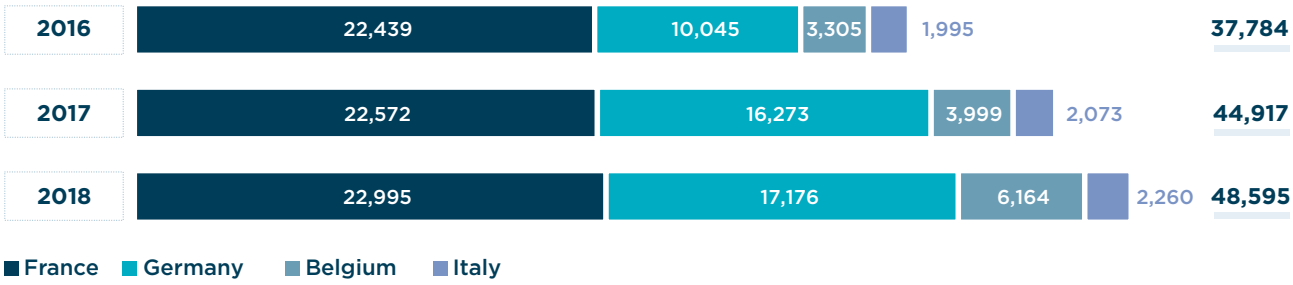
Korian offers seniors tailored solutions and services for each stage of their life according to their needs and expectations. To provide this comprehensive support, Korian is continuously recruiting in a sector that is creating permanent, evolving jobs open to candidates with varying levels of qualifications.

Korian, a company that is hiring

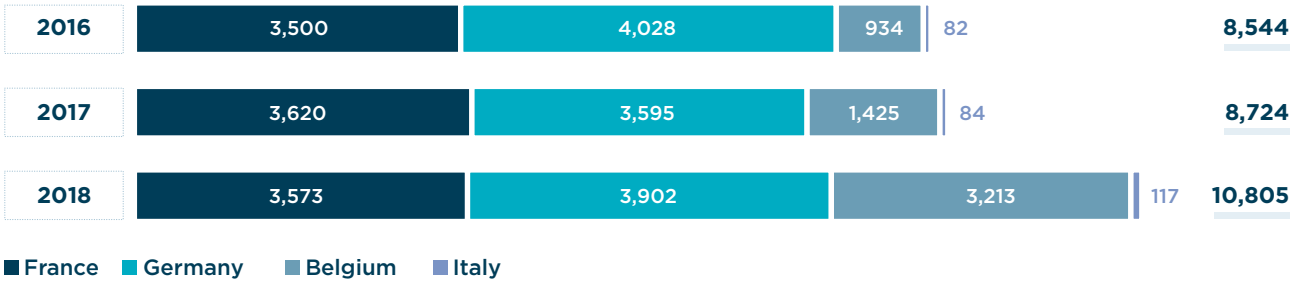
The Group has a total workforce of 48,595 full-time equivalents ("FTE"), marking an 8.2% rise in 2018 due to new acquisitions. The total headcount, including all types of contracts, is more than 52,000.

The following charts show the total workforce in **FTE** at 31 December 2018, and new employees hired between 1 January and 31 December 2018 for permanent contracts compared to the years 2017 and 2016.

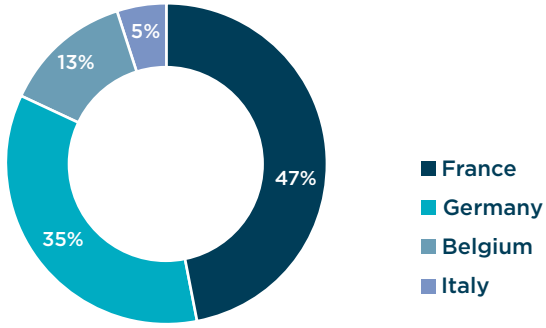
Total workforce in FTE



Number of new recruits on permanent contracts



Breakdown of workforce by country



Korian hired more than 11,000 people in Europe in 2018.

In France, Korian is one of the top 11 French companies in terms of hiring [1]; it recruited 3,500 full-time employees on permanent contracts in France in 2018 for three core businesses: care, accommodation and catering. In Germany, the Group recruited 7,800 people on all contract types combined in 2018.

The company endeavours to ensure job stability and long-term employment at all its facilities in Europe, and hires staff on a full-time, permanent basis wherever possible, if so desired by the employee. Part-time or fixed-term employment is more frequent in the health and social care sector compared to other sectors due to the need to ensure coverage for the continuous care of patients and residents (24/7, 365 days a year) when staff are absent.

Korian runs its own induction programme: "Korian Start". This immersive, hands-on experience in the field enables new employees at the head offices and future facility directors to get a feel for the jobs the Group does right from the start, and to promote mentoring and intergenerational interaction within the teams.

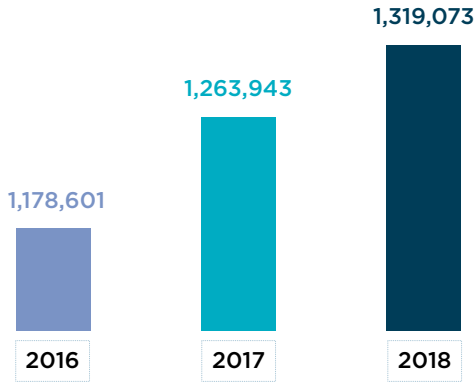
Compensation

Korian has an attractive compensation policy and offers attractive social benefits. In December 2017, for example, Korian implemented a 13th month bonus.

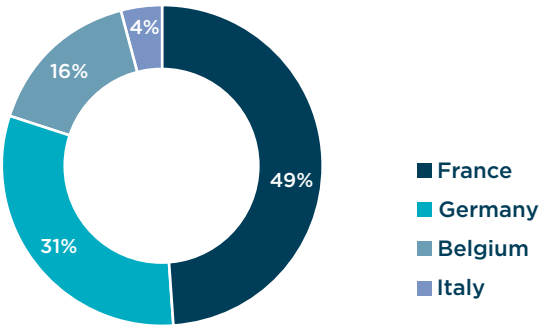
Efforts to harmonise compensation packages continued in Belgium in 2018 after the integration of 13 new facilities. In Belgium, there is a specific pension fund for care home workers, under which, for every quarter employed, €7 is paid into a pension savings account.

The following table shows the total amount of gross annual wages for fixed-term, permanent and professional training contracts, paid in France, Germany, Belgium and Italy from 1 January to 31 December 2018, compared to 2017 and 2016.

Total compensation *(in thousands of euros)*



Breakdown of compensation by country



The Group also assigned free shares subject to ambitious performance criteria with the aim of rewarding performance, retaining key senior management talent, and aligning management and shareholder interests.

Since 2015, the Board of Directors has approved bonus share plans contingent on performance conditions, or performance units, for members of the Group General Management Committee, corporate officers of Korian and its subsidiaries, and certain managers performing key roles in the Group. These plans constitute a long-term variable compensation scheme whose terms of acquisition are linked directly to the objectives of the strategic five-year plan.

These plans are outlined in detail at note 4.3 in paragraph 6.1 and the allocations are described in paragraphs 4.3.1 (for the Chief Executive Officer) and 7.2.4.2 of this registration document, for all beneficiaries.

(1) Figaro Économie and Cadremploi Awards, 2018.

In addition, the Company's Group employee shareholding plans held 97,733 Korian shares at 31 December 2018.

3.2.1.2 Ensuring and promoting health and safety at work

Korian pays particularly close attention to preventing accidents, assessing occupational risks and managing work-related stress.

When Korian signed a Quality of Life in the Workplace agreement in France in 2017, it was the first company in its sector to do so. By formally defining a national policy on health and safety at work, this agreement seeks to enhance the teams' working conditions and provide better support to staff that encounter difficulties reconciling their work and home life.

Preventing work accidents and occupational illnesses

Korian actively encourages its staff to adopt healthy movements and postures to reduce the risk of occupational illness and accidents. The Korian Academy provides courses for all employees on how to improve comfort and safety when lifting and assisting patients and how to reduce musculoskeletal disorders ("MSD"), as well as work-related stress, in conflict situations, for example.

In Belgium, the occupational health department has run special programmes at all facilities on stress management (meditation, breathing, yoga, *etc.*), road safety, and respect in the workplace.

A "Health for All" plan is currently being rolled out in France. A new external tool is being used to track and consolidate all work accidents. A **PRAP 2S** ("Prevention of risks connected to physical activity") officer is named at each site; these officers are supported by four national officers to promote a culture of prevention among their co-workers.

Throughout all of Europe, ergonomists are involved in renovation and construction plans and in the selection of suitable equipment for the facilities (patient lifts, electric beds, *etc.*).

The table below shows the average frequency rate and severity of work-related accidents involving employees employed on indefinite-term contracts in France, Belgium and Italy in 2018 (1).

Work accident frequency and severity rates

	France	Belgium	Italy
Frequency rate	84.72%	28.55%	68.36%
Severity rate	3.37%	0.64%	1.16%

In France and in Belgium, a dedicated plan has been drawn up to reduce absenteeism. Employees must explain all absences in advance to their direct supervisor so that the causes and the duration of the absence can be anticipated. Follow-up interviews during the employee's absence and when he or she returns to work are also arranged to maintain contact and communication. After a third period of absence, an appraisal interview is held to determine the reasons for the absences and discuss possible ways of reducing future absences.

The table below shows the absenteeism rates in France, Germany, Belgium and Italy in 2018. To make the information more comprehensive, the scope of reporting was extended to fixed-term contracts in 2018, in addition to permanent contracts, which had been the scope of reference until then.

Absenteeism rate

	France	Germany	Belgium	Italy
Absenteeism rate	8.73%	7.37%	12.23%	3.24%

Supporting our staff

Korian strives to uphold the values of availability, attentiveness and communication to give its employees all the support they need each day. In France, a social services department works to improve employee well-being by offering employees a confidential, impartial place to get information, advice and guidance, regardless of the problem at hand:

- social or family issue: pregnancy, birth, death, separation, domestic violence, caring for a family member losing their independence, *etc.*;
- financial worries: help with managing a budget, consumer debt, contacting creditors, *etc.*;
- health problems: sick leave, disability, part-time work on health grounds, incapacity, impairment, *etc.*;
- career status: retirement, promotion or transfer, job retention, *etc.*;
- housing assistance: request for social housing, loan, back-rent, preventing eviction, *etc.*;
- exercising one's rights: Family Allowances Fund, social security, administrative situation, *etc.*

(1) Due to new calculation methods, these results are not comparable with the figures for 2017. In Germany, work accident tracking software is being deployed progressively to the network and will soon be capable of calculating frequency and severity rates.

In 2018, the social services department was contacted by 1,659 employees. Since 2018, Korian has offered an emergency infant daycare system in partnership with Babilou that was used by 26 people in the first year.

In parallel, employees in France may call an anonymous, confidential hotline that is open 24/7 to talk, get moral support and gain perspective on a difficult situation they are going through or were witness to. There is a regular reporting process for professional and personal risk factors. The hotline received calls from 49 employees in 2018.

Finally, discussion groups were facilitated by the independent firm Sémaphores in 2018 to gather the opinions of caregivers and nurses in France, whether they work days or nights or on permanent or temporary contracts, about their daily experiences on the job. The employees expressed themselves freely, which made it possible to draw a clear picture of their struggles, identify best practices to implement and establish concrete proposals to address priorities, such as managing substitutes, adapting to resident's needs and communication.

In Belgium, "rap sessions" or discussion groups are also arranged on a regular basis by the Group's human resources team. Petra VZW, an association founded by staff members, also supports employees facing adversity by making donations or loans.

3.2.1.3 Insuring constructive social dialogue and respecting employee rights

The quality of social dialogue is an essential part of the quality of the service we offer. It hinges on close communication at and with our facilities, as well as with employee representatives on the front line, but also at national level for each profession, where most of the agreements that affect the future of our company are decided.

Industrial relations in France are centred on two employee representative bodies:

- works Councils which are elected by all employees every four years; they meet once a month and manage social activities for personnel with a budget equal to 0.65% of total payroll that is allocated by management;
- these elected Councils qualify the union organisations with which management negotiates collective agreements. These negotiations take place at the national level; 18 agreements – 10 of which were unanimous – have been signed since 2016. In 2018, more than 15 negotiation meetings were held with trade unions.

The Korian group's employment policy is underpinned by the hands-on management and attentiveness to employee concerns of facility directors and Human Resources staff in each country. Korian makes it a point to ensure that management and staff communicate openly and proactively at all of its sites.

In France, Korian renegotiated its social dialogue agreement with the representative trade unions in 2018 (signed in early 2019). This agreement aims to adapt the employee representative bodies to the new legal provisions laid down in the laws known as the "work ordinances".

In Belgium, employee representation is organised at regional level involving works councils and Health and Safety Committees, which meet each month. These meetings are attended by an employers' delegation (representing Facility Directors) and a union delegation (representing the three trade unions), which are elected every four years. All of the collective agreements of the National Labour Council *(Conseil national du travail)* are observed, as are the collective agreements that are specific to the Group's sector.

In Italy, labour-management agreements will be signed at the national, regional and individual site level, in accordance with regulations.

A European Works Council will also be set up in 2019.

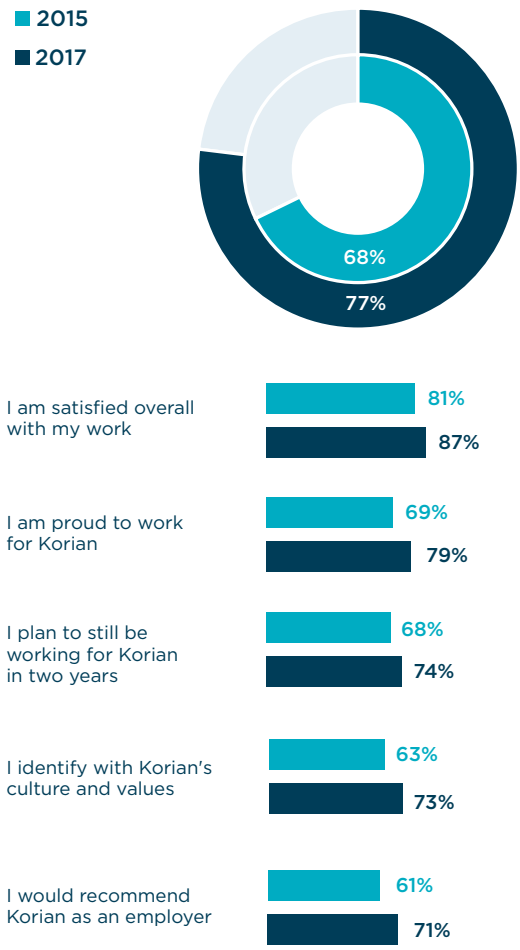
3.2.1.4 Kommunity: Korian's social barometer

Every two years, Korian works with the independent research institute Ipsos to conduct an in-house satisfaction survey among employees, called "Kommunity". This survey is part of the Company's managerial approach which places great importance on listening to employees and encouraging dialogue and participation so as to continuously improve employee well-being and quality of life in the workplace. The online questionnaire contains 60 questions on five topics: the employee's role and pride in their work, a sense of belonging at their facility and within the Group, their work environment, collaboration among teams, and skills development.

The very positive results of the last survey in 2017 surpassed industry benchmarks, demonstrating the ever-increasing engagement of employees in regard to Korian and reward the in-depth efforts undertaken over the last two years to sustainably improve teams' quality of life and well-being in the workplace.

The following graphs present the level of engagement as measured by the last survey conducted in France, Germany, Belgium and Italy in 2017, compared to the 2015 results.

Employee engagement

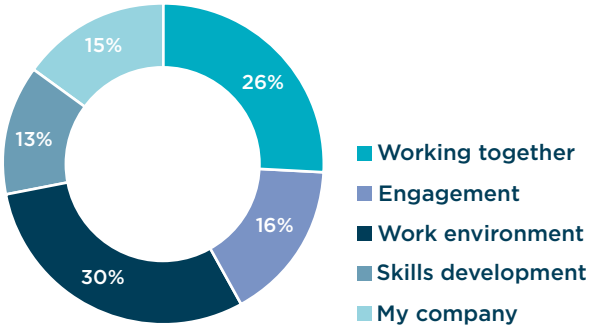


In parallel, 94% of respondents said they were proud of their work and felt that they did an important job on a daily basis, especially in regard to patients, residents and their families. Working conditions and collaboration among teams also showed positive progress, as did support and attentiveness from management.

The Group undertakes to continue improving the results of the Kommunity survey and to implement specific action plans for front-line workers to further enhance satisfaction among teams. The priorities the staff identified for 2018 following on the 2017 survey are to develop a better work environment and to enhance collaboration between teams.

The chart below breaks down the "Kommunity" action plans by topic, following on the survey conducted in 2017:

Topics of the action plans to improve quality of life in the workplace



In the last survey, Korian employees expressed their desire to forge closer ties between teams at the head offices and those working in facilities. During Korian Values Week, employees at the head offices are now invited to commit to a full day of immersion in the job of their choice at a facility: cook, caregiver, activity leader, facility director, housekeeping manager, *etc.* The goal is for employees to get a first-hand look at the daily reality of the operational staff in facilities who prepare meals, serve food, perform facilities maintenance or take care of the ironing. This initiative gives employees the opportunity experience the Group's core business in an enriching, meaningful way, while also recognising the value of the professions at work in Korian facilities.

The next "Kommunity" internal survey will take place in May 2019 to take stock of the progress made.

3.2.2 / DEVELOPING PROFESSIONAL SKILLS AND EXPERTISE

To ensure that its employees will be proud of their work and will be able to develop their careers, Korian has made training a constant priority, featuring among the five action points of the five-year strategy plan. Its aim: to train 100% of employees and achieve its objective of being the leading provider of care services for the elderly by recognising and improving the skills of its employees, helping them adapt to new practices and career changes, and offering them training that will improve their safety and well-being.

3.2.2.1 The "Korian Academy"

Throughout Europe, Korian is rolling out the training programmes and initiatives of the Korian Academy training centre. Korian's training policy seeks to facilitate employee career development by promoting internal career paths, to strengthen the corporate culture and the sense of Group identity, and to formally recognise employees' skills and knowledge in order to promote the sharing of best practices.

Korian Academy trainers are selected for their ability to teach and their expertise in such fields as nursing, physiotherapy, occupational therapy, psycho-gerontology, and the law. They use their expertise to:

- design innovative training courses that are aligned with the Group's strategy, in collaboration with functional and operational departments;
- forecast skills requirements to design new career paths;
- tailor instruction to meet the specific needs of facilities;
- create stimulating interactive training tools and methods;
- promote training excellence by partnering with recognised educational authorities.

In France, the Korian Academy has its own web portal, which is accessible to all employees and presents all training opportunities, news, videos, quizzes, instructional games and more. Online learning modules are gradually being developed and delivered to teams, either as a standalone module or as part of a structured training programme, such as the "Passeport Gériatrique" (Geriatric Care Passport).

There are also Group training centres in Germany, Belgium and Italy, which report to their respective Human Resources departments. Their role is to review training requirements, determine training priorities and prepare and implement training plans.

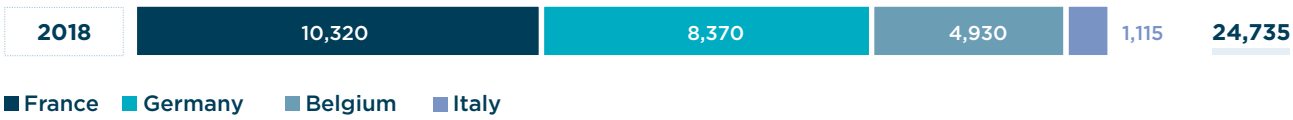
Korian delivered a total of 753,402 training hours in 2018, or approximately 15 hours of training per employee per year.

The charts below show the number of training hours and the number of employees on fixed-term, permanent and professional development contracts who received training in 2018 in France, Belgium and Italy [(1)], including study days, professional training leave and e-learning, where applicable.

Number of hours of training



Number of employees taking training



3.2.2.2 Innovative training programmes

Through the Korian Academy, the Group offers an extensive catalogue of training courses to all its employees in Europe, no matter what job they do.

Developing core expertise

Korian believes that expertise in its core service activities is essential to achieving excellence in the care and services it provides to residents and their families. In France, the Korian Academy has introduced its innovative

(1) Only training time during work hours is counted.

"Passeport Gériatrique". This certified training programme is the first of its kind and enables caregivers to acquire uniquely specialised expertise. It has been designed to gain solid professional recognition of the Group's geriatric services and help it strive towards excellence. Korian's "Passeport Gériatrique" was officially registered as a certified professional training programme on 16 February 2018.

The training modules are based on four skill sets – elderly care and well-being, therapeutic plans and continuum of care, stimulation of the elderly, end-of-life care and support – and are aimed at caregivers, mental health workers, educational and social workers, and registered nurses. In France, 3,500 employees are currently enrolled in this programme.

Similar modules dedicated to geriatric services are being developed in Germany, Belgium and Italy. In Belgium, for example, nursing staff can attend external training courses and become their facility's "expert" in such areas as palliative care or cognitive disorders. Upon completion of training, they receive a certificate that is recognised throughout the field as evidence of their professional expertise.

Management training

Managers play a key role in ensuring the quality and personalisation of admission and care for residents, patients and their families. This is why Korian has structured training courses that enable its managers to strengthen their fundamental management skills while developing a common managerial approach that is based on team work and Korian's values.

In France, the foundation of the Group's managerial style is its Booster Management programme, which includes the "Trajectoire Management" (Management Path), which is a dedicated sequence of training modules for front-line managers. It enables trainees to acquire the fundamentals of human resources management, work organisation, change management, marketing and quality of life in the workplace. There is also a dedicated professional training path for housekeeping managers.

In addition, the Korian Academy gives all Facility Directors in France and Germany the opportunity to take courses at the Group's corporate university, "Korian Campus", which partners with well-known educational institutions such as ESSCA and INSEEC in France, and Ingolstadt University in Germany. Training modules on the most critical aspects of facility management are created to harmonise managerial practices in such areas as human resources management, sales and marketing, and the measurement of business performance and quality of service. In 2018, nearly 1,700 managers took advantage of the "Korian Campus" programme.

Diploma and certification training programmes

The Korian Academy makes sure that the Group's employees are able to receive useful professional development training that recognises and rewards their engagement, enhances their skills and offers them a tangible career path.

In France, Korian encourages employees to work toward a diploma. They may do this through the VAE work experience accreditation programme, which enables employees with three years of professional experience to obtain a diploma that is relevant for their job, without having to go back to school.

The Korian Academy supports and assists these employees by developing a comprehensive training package that consists of individual interviews and group workshops in their region, à la carte training modules to strengthen the knowledge and skills they will need for their diploma, and guidance and assistance to help them prepare for tests and evaluations.

Korian also promotes the recognition of the nursing profession and is preparing for the future by creating a network of Korian nationally certified Coordinating State-Accredited Nurses (*Infirmiers Diplômés d'État Coordinateurs* – IDEC). In France, the Korian Academy provides a modular training programme specifically for nurses who would like to obtain an advanced certificate in long-term care nursing home management (in partnership with INSEEC) or work experience credit toward a third of the Healthcare Facility Director Master 2 degree. The objective of these training programmes is to enable state-accredited nurses to obtain the front-line management skills they will need to oversee the operation of a long-term care nursing home (in collaboration with the supervisory authorities) and to align work with personal professional development projects.

3.2.3 / PROMOTING DIVERSITY AND INCLUSION

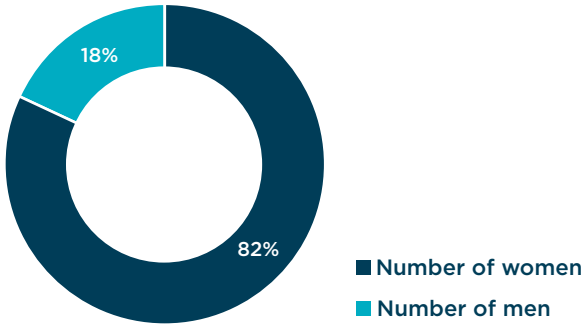
Korian's teams are a reflection of extensive diversity. Because the Group is convinced that this diversity goes hand-in-hand with progress, innovation and wealth, it makes respect and consideration for others a key component of its managerial practices and employment policy.

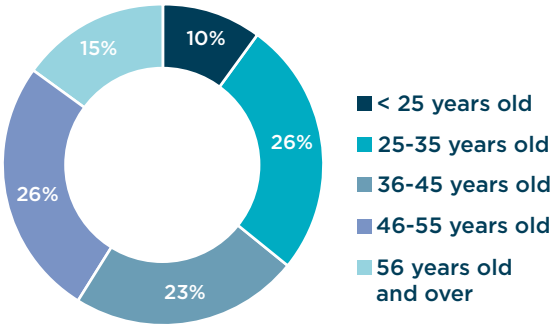
3.2.3.1 Teams enriched by their diversity

Our facilities are located in the heart of local communities and women make up 82% of our workforce, which comprises diverse backgrounds, nationalities and ages, especially in care and service roles.

The following chart shows the employee breakdown by gender and age in FTE at 31 December 2018, for permanent and fixed-term contracts in Europe.

Breakdown of workforce by gender and by age





In 2018, 45% of Korian's TOP 70 were women. The objective is to reach 50%. This gender equality was rewarded in 2017 and 2018 with the First Prize for Equality (SBF 80 category) and the Equality Prize (Health Facilities and Services category) awarded by the Zimmermann index in conjunction with Ethics & Boards and the Institut du Capitalisme Responsable which measures equality in SBF 120 French stock market companies.

We distribute to the teams at our facilities a "Guide to working together", which came about through an extensive collaborative effort carried out in house in 2018. This practical guide reiterates the Group's values and the principles of our Ethics Charter and encourages dialogue and respect for all one's colleagues regardless of their gender, ability, sexual orientation or religion. Concrete examples provide clear insights into the issues encountered by employees, analyse the expectations of all stakeholders and suggest corrective actions.

Korian is also a member and co-founder, with the Foundation for Action Against Exclusion ("FACE"), of the first network of European companies committed to preventing violence against women, alongside Kering, Carrefour and L'Oréal. Information campaigns and in-person and online training programmes will be organised in 2018 for Human Resources staff and managers to offer better support to victims of domestic violence within our ranks.

3.2.3.2 Korian's "Mission Handicap"

For Korian, the "Mission Handicap" (Disability Mission) project is not just about hiring disabled people in France, but is part of an overall approach towards employee integration and retention.

Korian signed its first agreement pertaining to employment and disability in France in 2014, and renewed its commitment to disabled workers for a further three years in 2017. This new agreement is fully aligned with Korian's CSR approach and was signed unanimously by the four representative trade unions. At the end of the first agreement, whereby the employment rate of disabled workers rose to 5.06% (1), Korian chose to pursue its commitment to achieve a rate of 6% with an ambitious new recruitment plan. In specific terms, 225 disabled workers will be hired over the next three years and 70 new recruits were already brought on board in 2018

Korian partners with several vocational rehabilitation centres and works to include disabled interns as part of their certification programmes. "Job dating" events are organised there each year to meet potential candidates. Korian also partners with Hello Handicap and in 2018 took part in two week-long virtual job fairs which put job applicants with disabilities in contact with employers.

The "Mission Handicap" task force is also pursuing its mission to provide individual assistance to facilitate the employment and support the retention of disabled employees. This includes providing assessments of their professional situation, processing requests for work adaptation, and providing equipment and aids that help them overcome their disabilities.

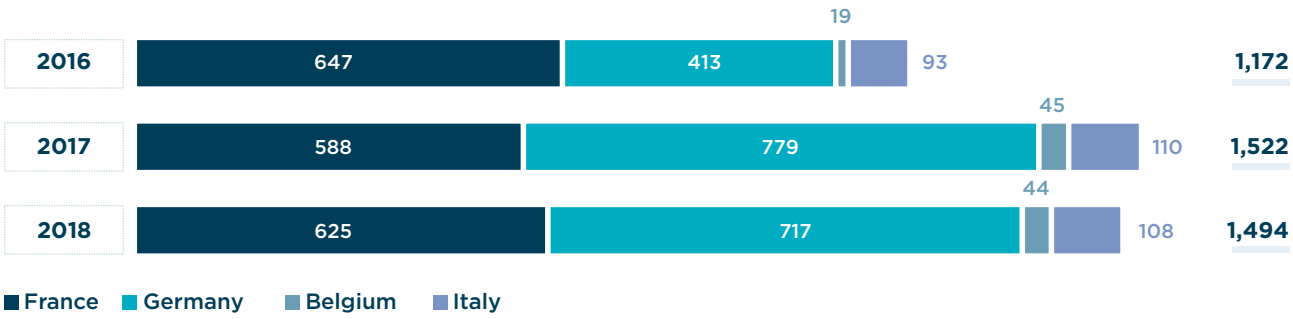
(1) The employment rate is calculated based on the obligation to employ disabled workers, in units of disabled worker FTEs.

In addition, there are specific communication initiatives every year to educate personnel about this topic with actions including a pamphlet in welcome kits and an annual letter from the Human Resources Department describing the "Mission Handicap's" work and featuring personal narratives from employees. In observance of the 2018 European Disability Employment Week, the "Mission Handicap" ran a major awareness campaign on disabilities and occupational health called *"Si c'est mon K"*.

In Italy, there are some regional agreements for the employment of disabled workers. There are currently no agreements in Germany and Belgium, although both countries comply with the national legislation in this regard.

The chart below indicates the number of employees with disabilities in Europe in FTE at 31 December 2018, compared to 2016 and 2017.

Employees with disabilities (FTE)



3.2.3.3 For equal treatment at all levels

Korian prohibits any discrimination based on the age, gender, sexual orientation, health, ethnic origin, nationality, political opinions or religious beliefs of individuals. The management and professional development of staff is based on the principle of equal opportunity. Performance, career potential and personal skills are essential criteria for career advancement and pay rises. The Group believes that diversity is a valuable asset and endeavours to reach all professionals in its sector through its recruitment communication.

In France, the Quality of Life at Work agreement signed in October 2017 includes provisions for equal job opportunities for women and men, guaranteeing that:

- job offers are presented equitably in a gender-neutral manner to men and women;
- all job applications are treated equally (all facility directors are provided with a guidebook on recruitment);
- all employees have equal access to promotion and new job opportunities on the basis of skill requirements;
- men and women receive equal pay for the same level of responsibility, education, ability, professional experience and number of work hours;
- part-time employees are paid proportionally as much as full-time employees.

The agreement also includes measures related to parenthood, in particular a maternity booklet on the rights of pregnant women.

In Germany, Belgium and Italy, the Group complies with all local laws and regulations to prevent all forms of discrimination. If necessary, discrimination matters may be referred to specialised organisations.

In 2017 Korian signed a Commitment Charter with *L'Autre Cercle* to promote the inclusion of lesbian, gay, bisexual and transgender (LGBT) people. Korian guarantees an equal opportunity environment that respects all forms of diversity, in regard to both colleagues and the patients and residents at the Group's care homes. This will be largely ensured by running training courses and awareness campaigns among managers and teams.

As part of the Kommunity social barometer survey in 2017, Korian employees were asked about their perception of equal treatment in terms of sex, age, religion, ethnic origin, sexual orientation and disability potential. More than 80% of employees in all four countries the Group operates in said they were satisfied, for all items.

3.3 IMPROVING THE QUALITY OF AND RESPECT FOR THE ENVIRONMENT IN FACILITIES

Korian cares deeply about creating a pleasant and inviting setting for patients and residents while reducing its environmental impact at its facilities in Europe. Improving the environmental performance of each site hinges on monitoring and controlling water and energy consumption and better waste management.

3.3.1 / EFFECTIVELY DECREASING ENERGY AND WATER CONSUMPTION

Korian catered for around 300,000 residents and patients per year in Europe, so the amounts of water and energy required for their accommodation and care has a significant impact on the Group's environmental footprint. The aim, therefore, is to optimise the resources used without compromising the well-being and comfort of the elderly residents or the employees.

3.3.1.1 Monitoring consumption in facilities

In its four countries, Korian is deploying procedures and tools to centrally monitor and manage the water and energy consumption of its facilities in order to optimise these resources and reduce our carbon footprint.

Throughout Europe, the Korian group is gradually installing smart meters at strategic points in facilities to automatically measure and record energy and water consumption on an ongoing basis. These data are then consolidated on dashboards of performance indicators that are accessible online. This enables Facility Directors, Technical Managers and head office staff who purchase raw materials and building maintenance services to monitor consumption easily and analyse consumption patterns. Alerts can be set up to be triggered when consumption exceeds a predefined ratio.

When a facility is not equipped with a smart-meter remote monitoring system, Technical Managers at each site must record consumption figures on internal performance indicator dashboards on a weekly or monthly basis. Energy consumption data may also be provided directly by water and power companies. These dashboards are then compiled and analysed by a network of Safety and Maintenance Managers ("**SMM**") in each region in France or Italy, or by head office staff in Germany and Belgium. The role of these teams is to use their operational experience and technical expertise to interpret these data, determine which facilities are consuming the most energy and propose a targeted action plan for each one.

In France, a new position has been created in the Safety and Maintenance Department to manage the reduction of water and energy consumption. The SMM worked out a consumption rate of 60 cubic metres of water per bed and per year in line with guidelines issued by the French agency for the environment and energy control ("**Ademe**"), which enabled them to pinpoint any facilities using too much water and take steps to remedy the situation by fixing leaks, adjusting flush systems or regulating automatic sprinklers, for example. All Technical Managers have been trained on water and energy management by their SMM.

By developing stronger partnerships with major European real estate players, such as Icade and Careit, Korian incorporates the highest environmental standards and best practices in this aspect into its new projects.

3.3.1.2 Optimising the use of equipment

Working with service providers, in 2018 Korian pursued its efforts to optimise the operation of its heating, ventilation and air-conditioning systems by installing room temperature regulators, timers and other devices, in addition to installing low-energy bulbs for more efficient lighting. Each year, the Safety and Maintenance Department issues a National Maintenance Plan, which the SMM adapt in accordance with each facility's particular requirements. The Technical Managers and maintenance technicians, who are responsible for executing the plan, are asked to carry out the maintenance actions indicated and to record their progress in a logbook, which is checked by the SMM.

In Belgium, 26 facilities have undertaken renovation and insulation work and installed energy-savings equipment and materials that include, for example, new water-heaters, insulation, low-energy light bulbs and solar panels for a pilot project. This work, for which full funding was obtained, was carried out by an engineering firm. Each year, at the start of winter, these facilities conduct awareness-raising sessions on the importance of sustainable development to ensure that employees observe the indispensable eco-friendly actions that go hand-in-hand with their more energy-efficient installations.

3.3.1.3 Making employees aware of eco-friendly actions

To boost the positive effects of technical and maintenance initiatives and the settings used, Korian provides awareness videos and posters for its teams explaining the top six things they can do to help the planet: switch off the light when leaving a room, turn the heating down before airing a room, report water leaks, not leave water running unnecessarily, flatten boxes, and recycle waste. The objective is to promote simple yet effective best practices and durably change the consumption habits of residents, patients, their families and employees at all

levels (whether caregivers, chefs or maintenance staff) and thus significantly reduce the amount of water and energy that is wasted every day. These tools are already being used in France and will soon be deployed in the other European countries.

Some facilities have teamed up with local beekeepers to sponsor bee hives or install them on the roof of the building and offer pots of honey to residents, patients and employees. Insect hotels can also be found in the therapeutic gardens at some sites in a bid to preserve the local biodiversity and provide a fun and ecologically responsible activity for residents and patients.

The tables below show consumption levels for water and energy (namely gas [1], electricity and fuel oil) and greenhouse gas emissions in 2016, 2017 and 2018 in France, Germany, Belgium and Italy. The number of beds is based on the number of facilities included in the dataset.

Energy consumption

Electricity	2016	2017	2018	Evolution since 2016 per number of beds
France	128,533	123,560	124,184	-4.7%
Germany	44,228	64,178	66,748	-7.8%
Belgium	14,840	23,860	24,955	4.8%
Italy	9,593	12,160	12,700	3.6%
TOTAL MWH	**197,194**	**223,758**	**228,587**	**-9.6%**
TOTAL TONS OF CO_2 EQUIVALENT	**53,483**	**47,767**	**49,430**	**1.2%**

Natural gas	2016	2017	2018	Evolution since 2016 per number of beds
France	118,338	118,645	128,658	-3.4%
Germany	87,056	123,045	122,512	-5.4%
Belgium	35,620	46,538	62,773	3.5%
Italy	8,225	10,204	9,470	-2.9%
TOTAL MWH	**249,239**	**298,432**	**323,413**	**-2.9%**
TOTAL TONS OF CO_2 EQUIVALENT	**53,929**	**64,458**	**69,854**	**-3.1%**

Fuel oil	2018
France	12,180
Germany	9,672
Belgium	5,328
Italy	1,081
TOTAL MWH	**28,261**
TOTAL TONS OF CO_2 EQUIVALENT	**9,130**

Water consumption

Water	2016	2017	2018	Evolution since 2016 per number of beds
France	1,796,484	1,820,701	1,850,934	4%
Germany	961,426	1,651,117	1,457,127	-7.4%
Belgium	299,108	406,144	423,203	-11.8%
Italy	174,485	194,510	216,352	7.8%
TOTAL m^3	**3,231,503**	**4,072,472**	**3,947,616**	**-3.2%**

(1) Only expenditures on natural gas are indicated, as the price of propane varies considerably depending on the supplier, period and the amount ordered.

The volumes of water and energy consumed rose compared to 2016 and 2017 due to acquisitions made by the Group during the course of the year. However, this increase is lower than the increase in the number of beds, demonstrating the effectiveness of the measures taken by Korian to reduce its environmental footprint.

Korian's objective is to maintain the same volume of greenhouse gas emissions in 2019 at a constant perimeter. A European Environmental Committee is tasked with defining in 2019 a plan to reduce greenhouse gas emissions over the period 2020-2025, in particular by conducting a carbon audit.

Korian sees the reduction of water and energy consumption in its establishments as a way of limiting its environmental footprint and preventing climate change.

3.3.2 / REDUCING AND RECYCLING WASTE

While infectious medical waste is tightly regulated and managed at all Group facilities, the management of other waste (household and recyclable) has not yet been standardised or evaluated and therefore remains a priority for improvement in 2019.

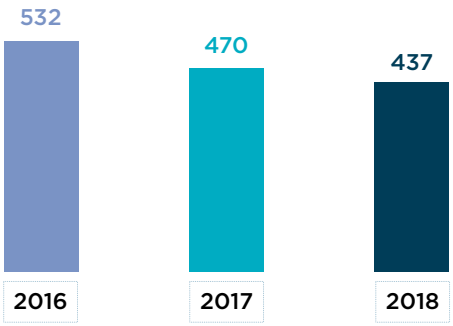
3.3.2.1 Collection of infectious medical waste

As described in paragraph 2.6.1 of this registration document, and according to the laws applicable in each country, the management of infectious medical waste is subject to specific internal procedures within the Korian group. These procedures explain the steps and the standard precautions to be observed to identify, store and dispose of medical waste, to ensure safety and protect the environment. To make sure that waste is correctly sorted and managed, each facility provides its workers and waste recovery contractors with clean, labelled and specific containers for each type of waste.

Staff responsible for internal waste logistics are trained and informed in advance of waste handling risks and are provided with the necessary personal protection equipment, in accordance with each country's occupational health and safety regulations.

The chart below shows the total weight of infectious medical waste collected in France, Belgium and Italy in 2018 compared to 2016 and 2017. This information is not available for Germany.

Tonnes of infectious medical waste



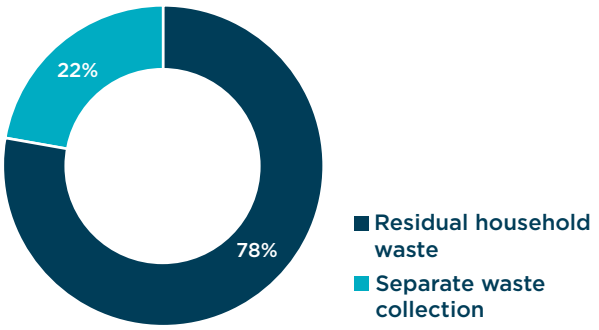
The quantities of infectious medical waste were reduced by 18% from 2016 to 2018 thanks to better employee awareness about sorting practices, a result achieved in spite of an 11% increase in the number of sites serviced by collection operators (ratio of 1.57 to 1.17).

3.3.2.2 Formulating a waste management and circular economy policy

In 2018 Korian conducted a study of 30 representative facilities in France to analyse the cost and volume of waste generated by its sites and to understand the teams' waste management practices.

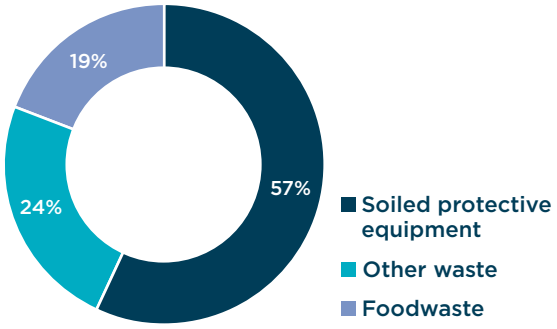
The following chart shows the average breakdown of waste generated at facilities by stream:

Estimated breakdown of waste generated in France

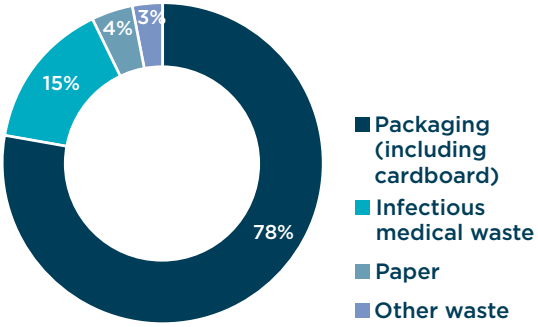


Improving the quality of and respect for the environment in facilities

Estimated breakdown of residual domestic waste generated in France



Estimated breakdown of separate waste collection in France



This inventory led to the identification of priority actions and the definition of an ambitious waste reduction strategy for 2019. Our goals are to optimise the waste recovery circuits for each stream (household waste, biowaste, cardboard, paper, *etc.*), to improve the teams' practices through training and to educate and support the facilities which generate the highest amounts of waste.

Other initiatives are being rolled out in parallel:

- 24 Korian facilities in France are involved in the *"Maison Gourmande et Responsable"* initiative sponsored by SYNERPA and FNAQPA to effectively reduce food waste in long-term care nursing homes. Participating sites receive two years of personalised assistance from ADEME that results in real savings which can be reinvested to improve the quality of catering and prevent malnutrition.
- 2 pilot sites in Paris work with the company Moulinot to convert all their foodwaste through methanisation and vermicomposting. Over 4 metric tonnes of biowaste have been collected since the collaboration began in December 2018.

3.4 MAINTAINING SENIORS' INDEPENDENCE AND FREEDOM OF ACTION

Korian has developed the *Positive Care* initiative, a unique support system that aims to ensure greater well-being and joy, based on high-quality care.

3.4.1 / ADOPTING AN INNOVATIVE APPROACH TO CARE : *POSITIVE CARE*

Korian has developed the *Positive Care* approach to tailor the care of our residents and patients to their individual abilities, aspirations and the length of their stay.

3.4.1.1 Korian's core asset: *Positive Care*

Korian is committed to doing everything it can to help residents and patients do things for themselves, throughout their life, in harmony with their quality of life and their wishes. That's why Korian has developed a unique and innovative approach named *Positive Care*. It is a common attitude and outlook that inspires all our employees to impart to our patients and residents a sense of joyfulness and well-being that goes beyond medical treatment and care.

Korian's *Positive Care* approach was developed more than 15 years ago and was inspired by the work of the famous Italian doctor and psychologist, Maria Montessori. It is based on a positive clinical approach, rooted in the firm belief that individuals should be viewed in a positive, holistic light and encouraged to maintain their capacity to do things alone, rather than focusing solely on their illness and dependency. This mindset translates into behaviour and practices that combine expertise and soft skills, where residents play an active role in living a meaningful life. *Positive Care* means taking care of others while respecting their choices, their dignity and their need for privacy.

Developing a personal plan

Each individual's needs, abilities, and desires are regularly evaluated. To facilitate this exercise, Korian developed a remaining capacities scorecard. This tool was designed by a group of experts including psycho-motor therapists, occupational therapists, psychologists and caregivers and 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 fills in the scorecard, which provides invaluable assistance in drawing up the individual therapeutic programme covering four actions:

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

A variety of cultural and social activities

Every day, Korian's activity leaders plan pleasurable social activities that are consistent with the facility's development plan and the social life plans of residents. The aim is to improve their quality of life in accordance with their wishes, needs, level of dependency and health.

Although each facility determines its own activities policy, Korian recommends a large selection that encompasses the needs of all residents. There are various types of activities, including cultural, creative, manual, relational, recreational and physical options. Long-term care nursing homes organise trips and inter-generational events with stakeholders in the local community.

Domestic and social activities

Cognitive stimulation requires a reassuring environment that is easy for residents to understand and navigate, which stimulates their intuitive memory. The Korian group's long-term care nursing homes are progressively installing small, specially-designed care units with a quiet lounge for resting, a dining area with a therapeutic kitchen, and two recreation and communal living areas that are designed and arranged to meet the specific needs of people suffering from Alzheimer's or related diseases. These areas are not isolated from the rest of the facility, are equipped with special lighted paths, and are subject to 24-hour surveillance.

The teams are trained in alternative and non-medicinal therapies such as the Montessori Method, and organise appropriate activities "just like at home" that consist mainly of games and domestic tasks, such as laundry, housework and gardening.

Non-medicinal treatments are preferred

Korian's programme to maintain and develop capacities and prevent frailty combines several enjoyable approaches and non-medicinal therapies. This individual programme addresses three aspects:

1. maintaining physical and motor capacities – essential skills to preserve the ability to get around unaided, prevent falls, and ensure a comfortable daily life – with a programme of physical activities designed to maintain verticality and balance;
2. cognitive skills maintenance comprising two different programmes:
   - a cognitive stimulation programme or memory workshops, for people with mild to moderate impairment, and
   - a cognitive restoration programme focusing on procedural memory, for people with moderate to severe impairment;

3. the prevention and treatment of psychobehavioural disorders often associated with cognitive problems. In these cases, Korian completes the cognitive restoration programme with meditation-based behavioural therapy and multisensory therapies.

Medical and non-medicinal therapy

Under a physician's supervision, medications are administered carefully to ensure that patients receive the correct quantity and to optimise effectiveness of care and wellness for patients and residents.

3.4.1.2 Deployment to facilities

Korian is gradually deploying the *Positive Care* approach to its European facilities. **In 2019, the group plans to double the number of nursing homes that apply the *Positive Care* approach compared with 2018 (from 34% to 73%).**

Staff training

The **BEST** training – an ethical, inclusive, well-intentioned concept of care – is emblematic of Korian's commitment to taking care of its residents and patients as well as its staff. It ensures that each employee adopts a benevolent and non-abusive approach to therapeutic and personal care. In 2018, nearly 23,000 hours of training on wellness and safety for all were delivered in France, Germany and Italy.

Employees may also receive training in the Montessori Method, which is used to develop the cognitive skills of people who suffer from Alzheimer's or similar problems by getting them to use their emotional memory and faculties to circumvent mental deficiencies. **In total in France, nearly 3,000 employees received *Positive Care* training in 2018, amounting to over 23,700 hours of specialised training.**

In Belgium, medical care staff may take part in role-playing games in which they are residents suffering from dementia. This enables them to experience what residents may feel, see things from their perspective and identify things they can improve in their relations with residents. Medical care teams also receive training on how to deal with end-of-life issues with the Advanced Care Planning and Euthanasia programme. This training course is delivered by the coordinating doctor and covers the relevant laws, requirements and procedures and guides staff through the essential process of discussing the resident's end-of-life needs and desires (such as what questions to ask, when, and how).

In Italy, quality assurance specialists receive six days of training on how to detect abusive treatment in medical-social facilities and monthly follow-up and assessment indicators have been implemented for each facility. In Germany and Belgium, employees may also receive training in workplace wellness to improve communication with colleagues and the families of residents, manage stressful situations and conflicts more effectively, and prevent musculoskeletal disorders ("MSD") and burnout.

Eating well to age well

Serving good food has always been a priority for Korian. This is very important for residents, patients and their families and plays a substantial role in their well-being. With some 76 million meals served each year in Europe, Korian is committed to providing its residents and patients with food service that is pleasurable, family-oriented and delicious.

In France, Korian makes the quality of its meals and dining experience a top priority. "Home-style cooking" is provided and meals are cooked and prepared on site using unprocessed seasonal products and traditional recipes. Facility chefs are assisted by culinary experts, regional catering advisers and dieticians who are specialised in the health and nutrition of the elderly. Korian also works to increase the skill and expertise of its chefs through training programmes, some of which are conducted in collaboration with hotel management schools. Menus are planned over a period of five weeks and are renewed each season in accordance with the availability of food products and seasonal recipes. These menus must observe a nutrition plan that is established by qualified dieticians. The recommended nutritional criteria are observed and are validated whenever menus are renewed.

In partnership with L'Atelier des Chefs, Korian provides an online platform that enables all chefs in France to access e-learning modules about key culinary issues in our industry and a monthly interactive cooking show. It also unites the community of Korian chefs by providing them with an innovative means to communicate and share their best practices while staying informed of recent events within the Group.

A pleasant, adapted place to live

Korian's Boost Plan has accelerated plans to refurbish, extend and transform its network – throughout Europe and especially in France – and will include almost 3,000 rooms by 2020. New designs have been designed and created for bedrooms and shared areas to upgrade the amenities and services available, and in doing so, increase the satisfaction of patients, residents and families.

The aim is to create a pleasant atmosphere that is conducive to Korian's *Positive Care* approach, so that residents enjoy a friendly and familiar environment while stimulating or compensating for their capacities. In this respect, special attention has been paid to the size and layout of shared areas and bedrooms, the selection of materials to be used, lighting, colours, furniture and decoration, while also incorporating astute ways of helping vulnerable residents to find their way around.

In 2018, Korian commissioned the global design firm Saguez & Partners to imagine the nursing home of the future; the resulting work will inspire the Group's future construction and renovation projects.

3.4.1.3 Putting quality at the core of everything we do

Respecting individual residents and patients, their dignity and desires are the fundamental principles that underlie the care provided in Group facilities and inform its ethical approach in terms of care.

Regulatory practices

The European senior care sector in which we operate is strictly regulated and monitored. The following table summarises the regulations and provisions which govern the pricing and financing assistance for Korian's services in each country where the Group does business.

Country	KORIAN's services	Regulations
France	**Long-term care nursing homes (LTCNH)**	Licenses jointly delivered by the Regional Health Agency (ARS) and the Departmental Council, valid for 15 years.
	Home nursing services (HNS)	Licence delivered by the ARS.
	Assisted living facilities	
	Shared residences for seniors	To receive home assistance and support services: licensed by the Departmental Council corresponding to the place where the services are provided.
	Post-acute and rehabilitation care clinics	Licensed by the ARS, valid for 7 years (renewable).
	Psychiatric clinic	Licensed by the ARS, valid for 7 years (renewable).
	Hospital Home Care (HHC)	Licensed by the ARS.
Germany	**Nursing homes**	It only takes an operating licence from the administrative authority to be able to open a retirement home. • 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.
	Assisted living facilities/shared residences for seniors	
	Home care services	

Pricing	Financial assistance
Three price components: • 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.
Directly and fully covered by Health Insurance.	Financed by Health Insurance, on prescription.
Two price components: • rent, fees charged for common rental services and for non-individual services via a property lease agreement; • individual services via a services contract.	
Two price components: • rent and rental expenses; • fees for home assistance and support services.	Partly covered by the Personal Independence Allowance (PIA).
Three price components: • 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.	• 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 (dependent on conditions treated)
Two price components: • care, with rates set by the ARS; • ancillary fees, with freely set rates.	Daily rates paid by Health Insurance (rates dependent on the service provided and medical billing code).
National rates set by the Ministry of Health.	Financing by Health Insurance.
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.	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.
Rates freely set by operators, taking market prices into consideration.	
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 set fees for any additional services.	Financing by Health Insurance.

Maintaining seniors' independence and freedom of action

Country	KORIAN's services	Regulations
Belgium	**Care homes (including care homes for the elderly and nursing and care homes)**	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.
	Assisted living facilities	No barriers to entry: • In Flanders, the construction of assisted living facilities is no longer governed by healthcare programmes. Such facilities simply need to be registered. • In Wallonia, construction is no longer governed by healthcare programmes either. However, certification must still be obtained from the public authorities.
	Home care services	There are no barriers to entry, except that nursing assistants must be officially qualified.
Italy	**Nursing homes**	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).
	Specialised clinics	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).
	Assisted living facilities	This activity requires authorisation but there are no specific regulations governing the provision of such services.
	Home care	This activity requires authorisation and accreditation.

Pricing	Financial assistance
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.	Dependency care was funded by a federal body (INAMI) up until 2019. As of 2019, reimbursements will be 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**").
Operators are free to set daily rates when they open a facility, but any pricing changes are governed by strict regulations.	
Home care services are regulated by the three regions and can be divided into two distinct groups: • services that are subsidised by the regional government on the basis of a maximum number of care-provider hours; • purely material services, which are paid for with service vouchers.	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.
Healthcare services are provided free of charge by the facility's local care unit. 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.	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.
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.	The daily rate is covered by the Regional Health Authorities. Comfort services are paid for by the patient who requests them.
Operators are free to set their rates.	Funding can be obtained only in certain specific circumstances, for instance for experimental projects.
Each region sets the rates for such services depending on the type of services provided.	Fully covered by the Regional Health Authority.

Regulations also require that all facilities observe the rights of residents and patients and provide guidelines for developing an ethics-based approach.

In France, facilities mainly take their cue from the French national agency for the assessment and quality of social and medical-social facilities and services ("**ANESM**") on "Ethical considerations in social and medical-social facilities and services" This 2010 recommendation seeks to foster dispassionate and objective thinking on ethical issues within a department or facility. Adapted to the sector's specific requirements, ethics is understood to be an overarching reflection on the meaning and role of care provision and on the potential benefits for residents, patients, families and staff.

One of ANESM's recommendations is to set up an Ethics Committee in each facility to guide the development and implementation of this ethical reflection. The chairs of these Ethics Committees are encouraged to invite experts from the local community to attend meetings to ensure the independence and plurality of views that is essential for constructive dialogue and objective decision-making. Residents, patients and the representatives of family members (notably via the Social Life Committees and User Relations Commissions) can also participate in these meetings.

In Germany, the Ministry for Families, Senior Citizens, Women and Youth set up the *Pflege-Charta* ("Care Charter") to set forth the rights of dependent persons. It recommends setting up an Ethics Committee or examining real-life situations and practices at meetings led by trained employees. Awareness-raising and self-assessment materials are also made available to "Charter owners" within the facility, who are considered to be Quality Assurance managers.

Dissemination of best practices

The implementation and coordination of ethical reflection tools and actions in the Korian group's four countries is the responsibility of Quality staff. They are also responsible for checking it that facilities observe best practices and for the centralised monitoring of all complaints that may have ethical implications (for example, pertaining to abuse or pain management.).

The Group monitors and supervises Serious Adverse Events (SAE) on a weekly basis and in a coherent manner across Europe. Every event is qualified in an identical manner based on its category (technical care, abuse and so on) and the grade and level of impact and severity. The regular reporting is used to analyse each SAE and to collect feedback so that best practices can be communicated and to support the continuous improvement of quality of care. In 2018, five European awareness and prevention campaigns were deployed in the Group's four countries to address proper medicine usage, fall prevention, patient safety, infection risk and benevolence.

The Group also coordinates the specification and dissemination of the ethical standards that each facility must observe. Fact sheets on the best practices to be adopted and recommendations regarding regulatory compliance (for example, for dealing with adverse events, abuse, residents and patient independence, pain management and nutrition) are broadly disseminated in France and in Germany via KGED or the Quality Manual. In Italy, there is a Code of Ethics to which all employees must refer. This code specifies the rules, values and behaviour that employees are expected to observe in their relations with residents, patients and other employees (such as respecting the dignity and privacy of the elderly, transparency and impartiality.).

In Italy, teams can use an electronic tool to schedule, view and record all the care procedures that are to be and have been performed, for each resident at the unit. This platform, called *Equippe*, is gradually being rolled out to all Italian facilities and can also be used to communicate best practices and procedures to improve the quality of care. The same is true in Germany and France.

Internal and external quality audits

Korian performs internal and external 360° quality audits on a regular basis to assist its teams in identifying and applying preventive or corrective actions according to the level of risk identified.

Internal quality audits are conducted at least every two years by dedicated teams and aim to:

- check that the facility's operations comply with the requirements laid down by standards and regulations;
- check the application of the "Korian Essentials" pertaining to quality;
- verify that all procedures are defined, known, understood and applied within the establishment;
- confirm best practices and identify avenues for improvement to help the facility advance.

The criteria and characteristics of the evaluation levels, from A to D, are set at national level. For example, in France 100% of long-term care nursing homes underwent an internal quality audit in 2018 and 98% earned a rating of A or B.

External quality audits are also carried out by independent organisations to assess all medical procedures, follow-up services, patient file quality and participation by user representatives. The patient is the focal point of the approach, which takes under consideration quality and risk management and the patient's rights, care pathway, case management and medicinal treatment.

In France, the National Authority for Health awarded 39 Korian clinics (or 62%) a level A certification, which is the highest possible rating on the scale. All the remaining clinics in France are at level B. Meanwhile, in Germany, the *Medizinischer Dienst der Krankenversicherung* (MDK) Health Insurance medical department does similar audits

and has given a very positive score to 81.45% of Korian's facilities. In Italy, 100% of Korian clinics have ISO 9001 certification for quality management and 88% have been assessed at level A or B.

Furthermore, in pursuit of 360° quality, the Korian group chose to commit to an ambitious multi-year programme to obtain ISO 9001 certification of all its facilities by 2021.

3.4.2 / LISTENING TO RESIDENTS, PATIENTS AND THEIR FAMILIES

Korian regularly measures the satisfaction of residents, patients and their families. By obtaining a better understanding of what is most important to them, facilities are able to determine priorities and meet their needs more effectively.

3.4.2.1 Results of the European "customer" satisfaction survey

The Group regularly surveys its residents, patients and their families throughout Europe, to determine how satisfied they are with its medical-social and post-acute and psychiatric networks. The aim of these "SatisfaKtion" surveys is to conduct a strategic analysis in each country and understand how customer satisfaction can best be improved and determine the best practices that need to be deployed throughout the network. They also make it possible to monitor and manage "customer" satisfaction within each region and especially for each facility, while taking its client profile, strengths, weaknesses and other specific characteristics into account.

The survey is conducted across the medical-social network twice a year, and all year round in health institutions, when the patient is discharged, as required by law. Residents, patients and their families are asked about key aspects of the support provided by Korian: care, listening and information, setting, bedroom, catering, activities, relationship with the staff, and so on.

In 2018, more than 82,000 questionnaires were completed in Europe across all networks. **The overall customer satisfaction rate is high and rising, with 67% of nursing home residents and 79% of clinic patients reporting to be very or extremely satisfied.**

3.4.2.2 Engaging with families

The people closest to a person with an illness, especially a long-term or progressive condition, are often faced with difficulties and doubts, and are at risk of exhaustion and isolation. This is why Korian psychologists and our full staff are always available to families to chat and provide explanations. Furthermore, in the *Positive Care* spirit, trainings are being developed to help friends and family be better prepared or manage their own self-care.

For example, on World Alzheimer's Day, loved ones and prescribers may attend specialised conferences and events. We regularly hold "Caregiver cafés" and "Alzheimer cafés" so that the families of sick residents can benefit from a variety of services, including information, mutual assistance, counselling and psychological support, provided by specialists. Alzheimer Cafés are also open to the general public.

Finally, All Group facilities work to communicate and engage with residents, patients and their families. One of the ways they do this is by organising regular meetings of committees (such as the Social Life Committees in France) that represent the interests of residents and patients, as required by law. These committees make sure that the rights of patients, residents and their families are respected and facilitate suggestions and complaints.

3.4.2.3 Handling of complaints

In France, the Quality and Risk Management sub-department of the Medical, Ethics and Quality Department handles all complaints sent to the head office and helps facilities process and follow up the complaints they receive via the *Écout'Client* unit. K-REC, a management system for handling complaints and claims, is also implemented at all facilities. In addition to this, pursuant to regulations, each long-term care nursing home and each specialised clinic sets up a Social Life Committee and a User Relations Committee. These committees enable a facility's management and staff to meet and discuss with residents, patients and their families.

In Germany, there is a unique system for monitoring the processing of complaints and ensuring that all are responded to in a satisfactory manner. This system gives facilities the ability to assign complaints to one of 13 predefined categories (for example, medical care, accommodation or food), and to monitor their follow-up and progress to ensure that they are processed within three days after reception. If the complainant is not satisfied with the facility's handling of the complaint, he or she can contact the claims management centre in Munich, which can then mediate the dispute. The centre compiles statistics on the complaints that have been entered in the system and publishes a monthly assessment report for General Management.

In Belgium, the Complaints Call Centre is managed directly by the government. Regulations require that residents and their families have their own mailbox at each facility.

In Italy, a customer relations management tool enables all users (call centre, facility reception desk, *etc.*) to log and view all information pertaining to calls made by residents, patients, families and potential clients. This innovative system meets all staff requirements, ensures more effective monitoring of queries, complaints and suggestions from families, and in short improves customer service.

3.5 MAKING A POSITIVE CONTRIBUTION TO AGEING WELL

Every day, Korian plans and innovates to fulfil the changing needs of seniors, constantly tailoring its services to satisfy the high expectations of patients and residents, always mindful of working with compassion and respect, whatever the level of their needs or dependency.

3.5.1 / SUPPORTING RESEARCH AND INNOVATION FOR CARE PRACTICES

Through the Korian Foundation for Ageing Well, we encourage society to have a more inclusive vision of the elderly, regardless of their physical condition, age or family status.

3.5.1.1 The Korian Foundation for Ageing Well

Seeking to expand avenues for exploring techniques to cope with this revolution in the ageing process, Korian created the Korian Corporate Foundation for Ageing Well in the second half of 2017. Through the efforts of the foundation, the Group aims to assert itself as a committed participant in the social integration process, able to mobilise its employees, residents and patients, as well as the general public, the scientific community and public and private sector actors, to co-operate on meaningful projects focused on a crucial issue: inclusion.

Inclusion means allowing all persons, regardless of their characteristics, to be a full member of society and its organisations.

Based on this perspective, and under the aegis of its Scientific Committee, which is chaired by the sociologist Serge Guérin, and which comprises researchers, academics, practitioners, caregivers, designers and heads of associations, the Foundation focuses on the following action areas:

1. inclusion through social utility;

2. inclusion by developing autonomy;

3. inclusion through solidarity;

4. inclusion through prevention.

The Foundation is active in:

- clinical studies in partnership with research teams;
- societal studies;
- support for innovative societal actions in the various regions;
- actions to support associations whose activities are connected to the topics embraced by the Korian Foundation.

3.5.1.2 Scientific research societal studies by the Korian Foundation

In 2018, the Foundation went forward with projects launched in 2017 and continued to focus on studies and research work intended to develop knowledge, support professionals in their work and improve the care provided to the elderly.

Study designed to provide scientific validation of the first EVIBE

The first EVIBE (in English: Scale of Instantaneous Well-Being) was validated by the staff working under Professor Krolak-Salmon at the Brain-Ageing-Fragility Clinical Research Centre at the *Hospices Civiles* in Lyon. Developed by psychologists working in Korian nursing homes, this scale is a response to the need for an immediate assessment of the perceived quality of life for persons presenting significant cognitive impairment. EVIBE was validated by comparison with existing scales that assess quality of life but are more time-consuming and complex to implement. This tool is currently deployed to all Korian nursing homes and is available to all professionals in the sector.

STRECLO study

The STRECLO (STREet CLOthes) study was undertaken by the Korian Foundation for Ageing Well, in partnership with the Psychology of Ageing and Adaptation Laboratory at François Rabelais University in Tours. It was the first study to compare the medium-term effects on the caregiver-patient relationship of wearing versus not wearing a lab coat. The results show that removing the lab coat from interactions reduces the "institutional" distance between residents and caregivers and helps residents feel more "at home" and have conversations that are more personal and less health related. The study recommendations are currently applied in Korian homes, especially during group activities and tea time.

The third European Seniors Barometer: "Toward usefulness in old age?"

The Korian Foundation published the results of the third European Seniors Barometer. In keeping with the two previous versions released in 2015 and 2016, the Foundation's third European survey aimed to better understand and track the frame of mind of the elderly in Europe. A total of 4,025 seniors over the age of 65 were asked about their sense of well-being and usefulness, their relationships with others, their use of new technologies and their dependency planning. In parallel, the same questions were put to an equivalent, representative sample group of 15- to 64-year olds to identify differences in perception across generations.

The results give a snapshot of the state of mind of seniors today: they want to maintain self-agency and feel useful which, for them, is driven by independence and remaining connected to the world through new technologies.

The barometer also revealed widening discrepancies, especially for the most vulnerable respondents, such as women over 80 and persons who are sick or living alone. Professionals must address these changes in seniors' perceptions of ageing when developing support options. This is why the Foundation must continue to raise public awareness about the elderly, to promote and support actions to create a more inclusive society and to fight inter-generational prejudice.

End-of-life care and death in facilities

At the urging of members of the Scientific Committee and in response to professionals' needs, the Korian Foundation decided to commission a study on end-of-life and death in facilities. This effort was inspired and overseen by Marie de Hennezel, a member of the Korian Foundation Scientific Committee. It began with a straightforward but taboo question: how do we support the final stages of life in senior living facilities? What is the experience like for caregivers? What do other residents and patients feel when confronted with the death of someone toward whom they felt close, friendly or affectionate?

These questions were examined with all stakeholders (caregivers, physicians, care assistants, families, patients and residents) over the course of a year, resulting in the publication of a white paper.

A survey was sent to the entire Korian network in France to take stock of practices pertaining to processes such as announcing a death, honouring the wishes of the deceased and their families, removing bodies from the premises and any special measures taken.

In light of the findings and mindful of the powerful taboo surrounding end-of-life and death, the Foundation sought to raise awareness about this issue while further exploring five major subjects that emerged:

- denial of death;
- remembering the deceased;
- support with ambiguous loss;
- honouring a person's wishes;
- supporting, educating and listening to families and professionals.

Publications

In 2018, the Foundation participated in the publication of several scientific articles:

- "Aging in Europe: a cluster analysis of the elderly in 4 European countries according to their views on successful aging." Sanchez S, Batti AS, Armaingaud D, Denormandie P, Dramé M, Hugon S. (Healthy Aging Research: 21 March 2018);
- "The suitability of sending nursing home residents over 75 to emergency departments." Dang A, Sanchez S, Collart M, Mahmoudi R, Laplanche D. (Soins Gerontol.2018 Mar-Apr; 23);
- "Elderly people and new technologies: friends or enemies?" Villaume K, Letty A, Armaingaud D, Guérin S, Sanchez S. (Soins Gerontologie 2018 23);
- "The Scale of instantaneous wellbeing: validity in a population with major neurocognitive disorders." Delphin-Combe F, Dauphinot V, Denormandie P, Sanchez S, Hay PE, Moutet C, Krolak-Salmon P. (Geriatr Psychol Neuropsychiatr Vieil. 2018 Sep 1);
- "Non-pharmacological therapies and neuropsychological disorders in institutions." Hedont S, Le Guillou A, Letty A, Denormandie P, Sanchez S, (Soins Gerontologie 2018 23).

The Foundation also exhibited posters as scientific conferences

- Nursing Home Research International Working Group in Rome (September 2018): "Nutrition analysis in home-dwelling elderly persons to detect groups at risk of malnutrition using factorial analysis";
- 17th Interregional Gerontology Conference in Beauvais: "Nutrition analysis in homedwelling elderly persons to detect groups at risk of malnutrition using factorial analysis".

Finally, the Foundation gave oral presentations at the following scientific conferences:

- 17th Interregional Gerontology Conference, Beauvais: "Effect of the Implementation of a Good Medical Practice Booklet on Nursing Home Residents' Drug Consumption: A Difference-in-Differences Analysis"/"End-of-Life in Nursing Homes";
- Sixth Edition of the International Nursing Home Research International Working Group: "Effect of the implementation of a Good Medical Practice booklet on Nursing Home Residents drugs consumption: a difference-in-differences analysis";
- JASFGG 2018 National Conference: "Which profiles and which representations of ageing well, housing and moving into a long-term care nursing home: a European transverse study".

3.5.1.3 Korian Foundation events

The Korian Foundation has a resolutely outward focus on its environment and ecosystem, and regularly holds debates and roundtables that contribute actively to advancing society's perception of ageing.

Korian Foundation morning sessions

Three morning sessions on providing support for end-of-life and death in facilities were organised in 2018; a total of 600 attendees participated in Lyon, Orléans and Le Bourget. A new series of morning sessions began in October 2018 in Caen and in December 2018 in Nancy to discuss the question, "I'm old – so what?". These two events drew nearly 500 participants.

Korian Foundation roundtables

The five roundtables scheduled by the Foundation throughout the year brought together healthcare professionals, policy makers and start-ups to debate ageing-related issues facing society and the company:

- Let's talk about death!
- Are patients agents of their own health?
- Will there be elderly robots in the future?
- Recognition for seniors' contributions to society?
- Facility-home continuum: fact or fiction?

Over 300 employees came to participate in the Live Point and 1,000 people were able to watch and join the discussion in real time on social media.

3.5.1.4 Other Korian research initiatives

Korian also supports research on Alzheimer's disease and related disorders. Korian partners with the France Alzheimer association and was present at the France Alzheimer Village on International Alzheimer's Day which is held on 21 September every year. More specifically, Korian funds the charity's support scheme for family caregivers, which offers services such as discussion groups, one-to-one support, relaxation sessions and training. In Italy, the Group supports the communication and research efforts of numerous local and national associations such as *Federazione Alzheimer, Amici del Centro Dino Ferrari,* and AIMA. Korian also created a dedicated "Stop Indifference" website (www.spezzalindefferenza.it) that provides important information on the difficulties encountered by Alzheimer's sufferers and their loved ones as well as useful advice.

3.5.2 / EMBRACING DIGITAL INNOVATION

To jump-start the Group's digital transformation, Korian created a digital agency in 2018: "Korian Solutions". Its mission is to define and deploy the Korian Home strategy, improve quality of life for seniors and enhance the quality of service provided by our teams each day.

3.5.2.1 Developing new home care services

Korian wants to offer a comprehensive, personalised solution to clients receiving in-home care and their families and to position itself as a trusted, high-quality provider along their entire care pathway, both before and after their treatment in clinics and transition to long-term care nursing homes.

In September 2018, Korian signed a partnership with Pharmagest, a French group with expertise in high-tech healthcare innovations. Korian is currently testing CareLib, a smart telecare solution, around the French cities of Nancy and Troyes. Patients use CareLib when they leave a clinic or after a brief stay in a long-term care nursing home. Its aims are to enable personalised follow-up care and to better coordinate individuals providing in-home services. The CareLib solution maintains contact with family members and care assistants via connections to its dedicated social network and to a 24/7 telecare platform.

In addition, Korian entered into a partnership with Patientys, part of the Webhelp Group, to launch Hénéa, the first stage in creating a platform that will make it possible to design comprehensive home care programmes Patientys and Korian are testing two experimental solutions:

- the "Seniors 360" information hotline which seniors and care assistants can call for answers to their questions about ageing. State-certified nurse specialists provide subject matter expertise in three broad categories: appropriate home care and lodging solutions, medical issues and administrative matters;
- "My Nurse", a health monitoring and care pathway coordination service intended for seniors losing their independence. This remote service is provided by State-certified nurses in consultation with general practitioners. A future upgrade to the offer will add a non-care component that includes personal services and digital innovations.

3.5.2.2 Improving the quality of life for residents

Korian is harnessing digital innovations to boost the well-being and independence of patients and residents, in particular by encouraging communication and sharing with their friends and family.

The "Korian Generations" app

After noting that the family members of the residents of its facilities are often widely dispersed throughout France and that they increasingly use the Internet, Korian wanted to make it easier for them to communicate with their families and with younger generations. To enable this, in 2017 it provided the residents of its nursing homes in France with "Korian Generations", a social network that was specially designed and developed for them in partnership with the start-up Familéo. "Korian Generations". The objective of this project is to reinvent intergenerational communication and to make it easier for residents and patients to keep in touch with their families by reconciling the digital technologies used by younger generations with their preference for paper documents.

This new social network enables family members and friends to share a private message or photo via their smartphone or the network's dedicated website. These messages and photos are automatically formatted and regularly printed out in the form of a gazette that is sent out to each resident of a Korian nursing home. Facilities can also post messages to keep a resident's family or specific family members informed of his or her life at the home.

Tablets

In the four countries where it is present, Korian has generalised the use of tablets to manage care pathways and improve the quality of service and activities.

In Germany, facilities are now using the "Dementia-Tablet PC tablet," which offers features and activities (such as films, games and cartoons) that are specifically designed for people who suffer from dementia and other cognitive disorders. This unique tablet computer, which is simple to use and requires no Internet connection, makes it easy for residents to communicate and stay in contact with medical staff and their loved ones.

In Italy, some facilities have made it possible for their residents and their families to pre-select their menus on "Ristocloud", a dedicated website, and obtain information about meal ingredients and their origin, allergens and calories. Using a tablet computer, medical care teams can thus help each resident select the meals they would like for the week, which considerably improves customer satisfaction while reducing food waste. Teams also use the tablet to schedule, view and record all the care procedures that are to be and have been performed, for each resident at the unit.

K'IOT or smart facilities

With Korian Solutions the Group intends to further digitalise its facilities with an emphasis on five main categories of use cases: improving the well-being of residents and patients in their bedroom, building access control and respect for privacy, passive and active health security, entertainment and family bonds, and making life easier for facility staff.

In January 2019, Korian opened a new long-term care nursing home combined with an assisted living facility: Korian Castel Voltaire in Châtillon (92) (see page 43 of this registration document).

3.5.2.3 Optimising the operational effectiveness of teams

A partnership was signed in France with the start-up *medGo* to develop a platform to manage substitutes for hospitality and care staff between facilities. This automated service will significantly reduce the time teams spend looking for substitutes thanks to a qualified database of replacement personnel and their availability. The solution was designed to allow nearby facilities to share resources. Managers and substitutes can communicate via SMS, which allows for more responsiveness. This initiative won the "HR Start-Up Innovations Award" in the recruiting category in 2018.

Also in Italy, Korian is gradually rolling out the "*Equippe*" software application which can be used to schedule, view and record all the care procedures that are to be and have been performed, for each resident at the unit. Saving time, traceability and better quality services are just some of the benefits of the app, which can also be downloaded onto a tablet. The "Inter Check" computer program, developed with the Mario Negri Institute, will be deployed at all Italian facilities by 2020. The program is used to optimise the prescription of medication in order to reduce the use of medicines and their side effects. Other robotic innovations developed by start-ups are being tested at Korian facilities in Italy, including Hunova the intuitive robot, and the virtual caregiver Movecare.

3.5.2.4 The Korian Innovation Hub

The Korian Innovation Hub is an online platform where innovative in-house and external projects can be submitted, centralised and aided as a way of championing innovation in the elderly healthcare sector. It is aimed at businesses, from start-ups, sole traders and small- and medium-sized enterprises (SME) through to big corporate groups, and also Korian employees who want to submit an innovative project on the following topics:

- improving quality of life for care home staff;
- enhancing the role of the elderly and their social relations;
- the Internet of Things for the customer journey;
- rehabilitation solutions and innovative technical resources.

Because every idea is unique, Korian offers assistance on a case-by-case basis for projects selected by a multidisciplinary team, like arranging interviews with experts or trialling projects at Korian facilities. Korian Innovation Hub's objectives are to innovate better, respond to projects submitted more swiftly, professionalise pilot tests at facilities, and facilitate decision-making about deployment with a common set of decision criteria shared by everybody.

3.6 FACILITIES THAT PLAY A KEY ROLE IN THE COMMUNITY

Strongly rooted in their regions with an outward focus, Korian's facilities have a positive impact on local socio-economic development and help reinforce bonds between the generations.

3.6.1 / CONTRIBUTING TO LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

Korian plays an active role in the economic and social development of the communities in which it operates. Designed to provide a complete living environment, Korian's facilities are accessible, encourage socialisation and promote the values of proximity, solidarity and citizenship.

3.6.1.1 Supporting local employment

A new facility can give a dynamic boost to a local economy. As well as creating stable jobs that cannot be relocated, the maintenance and operation of a new facility increase the local consumption of goods and services. For example, in France, a long-term care nursing home and a specialised clinic with 100 residents and patients respectively create about 90 and 121 non-relocatable jobs. Korian ensures that these jobs comply with the regulatory standards of the French Social Action and Family Code and the Public Health Code.

Whenever possible, Korian favours local sourcing to contribute to the regional economies and reduce its environmental impact.

The Group is actively working with its partner Sodexo to include increasing amounts of local produce in food purchases in France.

A local impact study will be conducted in France in 2019 to measure the concrete social, economic and societal impacts of Korian's business on the regions where it operates.

3.6.1.2 Korian, a learning company

Korian takes on young interns from local training centres to help them gain experience in geriatrics, train them on our innovative care practices and help them find employment. Our teams include 1,650 apprentices in Germany and 500 apprentices and 200 people on work-study contracts in France.

In July 2018, Korian and the *Union Nationale des Missions Locales* formalised a three-year national partnership to promote the training and hiring of young workers who are currently isolated from the job market and interested in exploring training and employment in the senior care sector. This innovative partnership covering the entire country is the first of its kind in the senior care sector. It adopts a three-pronged approach with introductory internships to learn about health and medical-social careers; work-study contracts for caregivers, housekeeping/hospitality staff and cooks; and, in time, full-time employment on open-ended contracts. The local employment offices explain Korian's jobs and training pathways to young candidates through meetings, written materials, video testimonials and more, then assist them with their career placement plans.

To take this initiative further, Korian would like to develop dedicated classes of Korian apprentices with the creation of an Apprentice Training Centre in 2019. The objective is to work with dedicated partner organisations to train more than 700 apprentices throughout the country on:

- healthcare professions with the Red Cross;
- hospitality and catering professions at an Apprentice Training Centre alongside Sodexo, Accor and Adecco;
- cleanliness and hygiene professions with the INHNI which is already under way in central France and Nouvelle-Aquitaine.

By leveraging the network of local employment offices and CAP Emploi centres for disabled employment and by promoting specific modules in connection with the realities of the Group's jobs, Korian hopes to improve employability options for young workers without diplomas and boost the appeal of its careers.

In Italy, Korian has supported the Master's degree in Psychology at the University of Pavia for the last seven years, by inviting students who are planning to specialise in geriatrics to work at a Korian facility while they are in training.

To prevent school drop-outs and to help ensure that everybody has the same chances of achieving their goals, the Korian Foundation is a Sustaining Sponsor of the *Défi Jeunesse,* or Youth Challenge, programme run by United Way L'Alliance. Tutoring schemes and work shadowing placements at the head office in Paris are arranged throughout the school year to give young high school pupils the chance to learn about working with the elderly and to give them an insight into how rewarding personal service careers can be, both for them and for the dependent people requiring care. Korian employees do their part as skills sponsors during their work hours.

Korian partners with the *Article 1* association, a commitment that is brought to life by management team members who devote some of their work time to mentoring university students from disadvantaged neighbourhoods. Their role is to share their experiences and to help their "mentees" develop their higher education and career goals by giving methodological recommendations and guidance (school, track and/or speciality). But most importantly, the mentors' role is to maintain their trust.

3.6.1.3 Outwardly focused towards the community

Throughout Europe, facilities organise regular open houses and events, such as annual parties and seminars, in which not only staff, residents and patients share a festive moment, but also families and key local stakeholders. Korian regularly opens up its cafeterias to people from the outside community so that they can share a beverage with residents and patients and discover the quality of the services provided.

In Italy's Lombardy region, with the help of retired professors, five facilities have created "Senior Citizen's Universities" that offer courses in such subjects as History, Literature and Art, not only to residents and patients, but to anyone from the local community who wishes to participate.

Many associations support the efforts of the Korian group's long-term care nursing homes. The assistance, activities and entertainment they contribute make them highly appreciated by both residents and their families. They encourage socialisation, communication and the sharing of personal experiences between residents, help maintain their mental and physical capabilities, and also provide information, training and support to families. Thanks to them, long-term care nursing homes are able to offer such things as exercise and cultural activities, beauty treatments, contact with younger people, and discussion groups for care assistants.

Korian and the Korian Foundation for Ageing Well also work with France Bénévolat to organise and actively develop volunteering and intergenerational solidarity in the Group's long-term care nursing homes, mainly by helping to select the best local partners and sharing best practices.

3.6.2 / STRENGTHENING INTERGENERATIONAL BONDS

All Korian facilities encourage intergenerational events and socialisation and develop close ties with local schools and organisations to arrange outings, workshops, bazaars and other activities. Korian's Parc des Dames facility in France perfectly illustrates this spirit, was built with a nursery that can accommodate 30 infants and young children. It is managed by Babilou, the largest private-sector operator of nurseries in France.

In 2017, Korian introduced the Centenarian Celebration day, which is now observed each year. Its goal is to honour seniors and challenge French society to rethink and rekindle intergenerational dynamics. This particular event is an invitation to learns, transfer knowledge and share. Korian homes cultivate a festive, intergenerational ambiance to celebrate this day with families and the care assistants and professionals who work each day to promote the well-being and independence of all residents.

And in Italy, on "Grandparents Day", which is held each year on 2 October, all Korian facilities organise activities to which local schoolchildren are invited. A programme named "ABC Digital" was set up to enable high school and university students to work in a Korian long-term care nursing home, once a week for six months, on an innovative project to improve the well-being of residents.

Furthermore, in partnership with La Fonda, the Korian Foundation for Ageing Well chose to dedicate its first award in 2018 to the theme of intergenerational engagement in local communities, a significant factor in creating an inclusive society for the elderly. The winner of the prize, the Aveyron Ségala Viaur cultural centre, was awarded a €15,000 grant to fund its project (*"Oreilles en balades")* to bring the town's past to life by drawing on the memories of old people and creating sound archives to promote the history of local buildings. The cultural centre will have access to the Korian Foundation's own network and that of its partners so that they can pursue their venture on a greater scale.

3.7 ENSURING ETHICAL AND RESPONSIBLE PRACTICES

In accordance with its Ethics Charter (the "**Charter**"), Korian requires that all its stakeholders, suppliers and subcontractors diligently observe all legal requirements pertaining to their business activities and work environment.

New regulations require the Group to continue and further its efforts to be a responsible company by introducing an anti-corruption plan and a Vigilance Plan to identify and prevent any breach of human rights, fundamental freedoms, or the health and safety of people or the environment. These provisions apply to all the Group's employees and stakeholders and are part of Korian's ongoing pursuit of continuous improvement.

3.7.1 / ACTING WITH INTEGRITY, HONESTY AND TRANSPARENCY

3.7.1.1 Korian's Ethics Charter

The Korian group has produced a document condensing the major ethical principles that apply to all the Group's employees, shareholders, customers, suppliers, subcontractors and "other stakeholders". The Charter has been translated into all the languages that the Group works in and sets out to help individuals to adopt the proper conduct when confronted with a difficult situation, by detailing all the procedures and instructions which form the rules that must be followed in order to provide residents and patients with the best possible level of care.

The Charter reiterates the importance of complying with the laws and regulations that apply in each country, especially in terms of tackling corruption, but also in regard to human rights and the dignity of people, avoiding conflicts of interest, maintaining the confidentiality of information, protecting Korian's assets and being a responsible corporate citizen in regard to communities and the environment. The Group has also introduced a whistleblowing system that Korian employees or occasional staff can use to report any situation they feel may violate the principles set out in the Charter.

The Charter is deployed across the Group with a specific communication plan and appropriate training. A mandatory online learning module has also been developed and will be widely deployed in 2019 to all of the Group's employees in Europe. A specific training course is also planned for the Group's top management.

3.7.1.2 Combating corruption and influence peddling

The measures taken by the Group to fight corruption and influence peddling are detailed in paragraph 2.1.2.4 of this registration document.

In all the countries and territories where it does business, the Group abides by applicable tax laws and takes great care to pay the proper tax amounts based on the fiscal earnings it generates in compliance with the relevant regulations. It also follows OECD principles, as transposed into national law, when setting up its cross-border transactions.

3.7.2 / IMPLEMENTING THE GROUP'S VIGILANCE PLAN

The Korian group is subject to French law No. 2017-399 of 27 March 2017 on the Vigilance Plan of parent and contracting companies.

As such, in 2017 the Group set up working groups made up of members of the Internal Audit and Control Department, CSR and Procurement teams in order to draft and implement the Group's Vigilance Plan.

3.7.2.1 Methodology employed

In 2017 the Group introduced a process to map the risks of serious violations on human rights and fundamental freedoms, personal health and safety and the environment. This work led to the identification, analysis and priority rating of these internal and external risks, and also produced an inventory of the systems that are currently in place, or need to be implemented, to prevent them.

This process was further developed in 2018 with a continuation of efforts to identify existing mechanisms. The tools used to manage these mechanisms were also inventoried and incorporated in the Vigilance Plan to track its implementation and assess the effectiveness of the actions taken. The Group's Vigilance Plan will be updated annually.

The main risks the Group is exposed to, and the systems in place for managing these risks, are detailed in paragraph 2.1 of this registration document. In addition to these risks, the Vigilance Plan risk mapping exercise highlighted certain areas that require vigilance, and an analysis of the corresponding systems in place was performed.

The main areas of attention in relation to the obligations of the vigilance law are the following:

- human rights and fundamental freedoms:
  - abuse,
  - discrimination,
  - non-compliance with International Labour Organization conventions;
- health and safety of people:
  - residents leaving the facility without the staff knowing,
  - epidemics,
  - climatic events,
  - medication errors,
  - protection of personal data,
  - health and safety in the workplace at Korian or at its suppliers,
  - security at the facilities;
- environment:
  - waste management,
  - energy consumption and reducing the Group's environmental footprint.

The Vigilance Plan and the report on its deployment in 2018 are presented in the following paragraphs.

3.7.2.2 Systems and action plans in place

The Korian Vigilance Plan includes group-wide mechanisms to manage the risks of violations on human rights and fundamental freedoms, personal health and safety and the environment, as well as specialised measures and mechanisms.

Governance

In 2017, the Group set up a Risk and Compliance Committee which meets every two months. It is governed by the CEO and comprised of the Group's Financial Department, Human Resources Department, Medical, Ethics and Quality Department, Internal Audit and Control Department, Tax Department and the Corporate Secretariat. This committee is notably responsible for supervising the implementation of the Vigilance Plan designed by the working groups.

Ethics Charter

As described in paragraph 3.7.1.1 of this registration document, the principles of the Ethics Charter cover respect for human rights and the dignity of people; the health and safety of employees, residents and patients; working conditions; and respect for the environment.

Human resources policies

The human resources policies deployed in each country are detailed in paragraph 3.2 of this registration document. These policies cover matters such as:

- measures to prevent all types of discrimination, with talent management policies in place in all countries where the Group operates;
- the promotion of conditions for health and safety in the workplace, especially efforts to prevent musculoskeletal disorders (MSD);
- compliance with International Labour Organization conventions, including the implementation of constructive social dialogue with employees.

Every two years, Korian conducts a survey among all employees to ascertain their level of engagement and satisfaction; the most recent edition carried out in 2017. That survey returned very positive results with a 77% rate of employee commitment and satisfaction (results described in paragraph 3.2.1.4 of the registration document). Based on this survey, action plans for 2018 were drawn up, categorised and prioritised at the head office and at facilities to address the areas for improvement pointed out by staff to continuously improve the well-being and quality of life in the workplace for our employees. Half of the action plans to be deployed aim to improve working conditions. The other action plans tackle skills development, employee responsibilities and career paths within the Group.

The Group also assesses the effectiveness of the measures taken to enhance workplace safety and monitors the occupational accident and severity rates of its employees.

Long-term relationships with suppliers and subcontractors

Korian has implemented a number of measures to forge long-term relationships with its suppliers and ensure they meet the Group's requirements in terms of ethical principles.

Responsible procurement policy

In line with Korian's Ethics Charter, the responsible procurement policy outlines the commitments that Korian asks all its suppliers to fulfil, and also the commitments it makes to its suppliers in regard to:

- respecting human rights and working conditions;
- reducing environmental impact;
- preventing corruption;
- maintaining ethical business practices.

This responsible procurement policy is translated into four languages and is now included in all contracts and invitations to tender and will gradually be signed by all suppliers listed by the Group in Europe.

The procurement policy is also counter-signed by all the buyers working at the Group Procurement Department and was more widely deployed in 2018 throughout the countries where Korian does business.

Supplier evaluation

The Group brought in the ECOVADIS platform to evaluate its suppliers based on four aspects: Ethics, Environment, Social and Supply Chain. At the end of December 2018, 150 suppliers had been assessed using the ECOVADIS platform. The average score of suppliers evaluated in 2018 was 50.8 out of 100, with an average of 44.8 out of 100 for the Ethics sub-score. Action plans are developed with the suppliers to address these assessments and progress is monitored regularly by the Group Procurement Department.

Furthermore, as part of its purchasing process, Korian selects the suppliers listed based on a set of objective criteria, with particular emphasis on CSR indicators.

Resident and patient safety

The Group endeavours to ensure quality care and safety of the residents and patients within its facilities, in accordance with the rules in force in the countries in which it does business and the highest standards in the sector. The approach of all Group teams is based on respect for individuals and the goal of providing quality services. Day-to-day risk management is an integral part of the procedures implemented by the Group as part of quality assurance processes and best business practices, which are circulated to all facilities.

Korian's risk management procedures are set out in paragraph 2.1 of this registration document and address each type of risk identified, such as a heat wave plan for climatic events, a vaccination policy for epidemic risk and a GDPR compliance programme to protect personal data. These procedures are guided by the risk prevention and management systems described in paragraph 2.2.

The supplemental measures identified by the Group are mentioned in paragraph 3.4 of this registration document and include the BEST training programme, the *Positive Care* approach to promote benevolence and the national maintenance plan to ensure the safety of our facilities in France.

The Quality Assurance Process in each country where Korian operates uses the serious adverse events (SAE) procedure presented in paragraph 3.4.1.3 of this registration document. The Group deployed corrective actions in response to the serious adverse events reported in 2018, which cover situations such as the transmission of infection diseases between residents, major technical failures and malicious acts.

This system is bolstered by the Korian approach of listening to residents and families and maintaining an open dialogue. The needs and satisfaction levels of our patients and residents are evaluated on a regular basis through surveys and the processing of complaints and claims, which are given special attention. The "SatisfaKtion" survey carried out in November 2018 showed a resident satisfaction rate of 70%, which was stable compared to the previous survey, and a family satisfaction rate of 52%, which was slightly down. Based on this survey, the Group identified listening to families, catering and the living environment as priority work areas for 2019.

Respecting the environment

Korian cares deeply about reducing the impact it has on the environment and is especially focused on limiting its water and energy consumption. In particular, the Group endeavours to improve waste management at its sites in Europe, for which it conducts internal diagnostics and tracks the collection of infectious medical waste.

The actions being taken to reduce the Group's environmental impact and their corresponding indicators are explained in paragraph 3.3 of this registration document.

3.7.2.3 Monitoring the measures put in place and evaluating their effectiveness

Evaluation and control

Korian has implemented different mechanisms to evaluate the effectiveness of the measures in place, as described in the preceding paragraphs; these include the Kommunity and SatisfaKtion surveys, supplier evaluations and quality audits. Korian uses management indicators such as employee engagement and satisfaction rates, results of supplier evaluations, resident and family satisfaction rates, workplace accident frequency and severity rates, SAE tracking, energy consumption and the volume of waste generated by its facilities. The Group also employs internal control and risk management systems, whose organisation is laid out in paragraph 3.3.2 of this registration document.

Whistleblowing system

In conjunction with the deployment of its Ethics Charter, in 2018 Korian introduced a confidential whistleblowing system that can be accessed by all employees via a secure, external website. This system can be used to alert the Group about any crime, offence, or clear and serious breach of the law, the regulations, or the principles set out in the Group's Ethics Charter, as well as any type of threat or serious damage that may harm the common good.

In 2018, Korian handled three reports submitted through this system. None of them was a serious violation on human rights and fundamental freedoms, personal health and safety or the environment.

3.8 NOTE ON THE METHODOLOGY USED

Following the transposition into French law of European Directive 2014/95/EU of 22 October 2014 as regards disclosure of social and environmental information (Ord. 2017-1180 of 19 July 2017, OJ of 21; Decree 2017-1265 of 9 August 2017, OJ of 11), as amended by Ordinance No. 2017-1180 of 19 July 2017 and Decree No. 2017-1265 of 9 August 2017, this is the first year for which Korian is including its non-financial performance report in its registration document.

The cross-reference table of CSR information in paragraph 8.4 shows where the regulatory information required under the law may be found in this registration document.

The information provided reflects Korian's determination to continuously improve the transparency and understanding of its CSR practises and the reliability of its data. The Group's guidelines have been translated and deployed in all four countries.

This note on methodology describes the methods used to compile data on labour, environmental and social indicators.

Reporting scope and report consolidation

All indicators apply to the Group's operations in Europe, which include Korian France, Curanum and Casa Reha in Germany, SLG in Belgium, and Korian in Italy. Since the same methodology has been used to collect data in all of the countries in which the Group is present, the data for most indicators is comparable between countries. It should be noted that cooperatives in Italy were not included in the 2018 reporting scope.

Regarding environmental indicators, only facilities that could provide actual consumption data over the entire year were included. In the event that a facility lacks consumption data for three months out of twelve, it may be included in the scope by extrapolating from its average annual consumption. The number of beds reflects the number of facilities included in the dataset.

Reporting period

Indicators are calculated over a 12-month period (from 1 January to 31 December 2018), using the figures available at 31 December 2018.

Data collection

The data within the specified scopes were collected directly from the relevant departments by the Group CSR Manager.

Regarding the quantitative data collected in France, Germany, Belgium and Italy, a "Reference Table" was prepared, translated into the three languages and sent to the correspondent in each country so that definitions and calculation methods could be harmonised. The quantitative data in the Reference Table was validated by the Finance Department in each country before being compiled by the Group CSR Manager for inclusion in this chapter.

External audit

The CSR information provided was audited by the company's statutory auditor Mazars SAS, an independent third-party body and a member of the Mazars SA group. Detailed tests were carried out on the data that were considered to be most important.

Methodological clarifications and limitations

As a side note, it is stated that some indicators are not yet monitored in Germany, but will be included in regular reporting as from 2019, for all countries in the Group. These cases are indicated separately in the report.

Work accidents

The number of work accidents is obtained by counting the number of people with hours of absence due to a work accident (including commuting accidents and re-injuries). The accident frequency rate is obtained by multiplying the number of work accidents for which time off work is granted by one million and dividing this number by the number of hours worked under permanent and fixed-term employment contracts (TF1). The severity rate is calculated by taking the number of days of absence multiplied by 1,000, divided by the number of hours worked for permanent contracts.

Absenteeism

The absenteeism rate is obtained by dividing the number of hours of absence (due to an ordinary or occupational illness or to a work or commuting accident) by the number of hours worked annually under a permanent and fixed-term contract.

Energy and water consumption

Each country has submitted its consumption data which are based on 2018 invoices, the information provided by service providers and meter readings at facilities.

Note on the methodology used

The Group calculates its direct greenhouse gas emissions (from burning fuel oil and natural gas) and its indirect emissions associated with its procurement of electricity. The CO_2 equivalent in metric tons is calculated using the national or European averages (1) indicated in the table below:

Calculated greenhouse gas emissions		
France	Natural gas	0.219kgCO_2e/kWh
	Electricity	0.0647kgCO_2e/kWh
	Fuel oil	0.324kgCO_2e/kWh
Germany	Natural gas	0.214kgCO_2e/kWh
	Electricity	0.461kgCO_2e/kWh
	Fuel oil	0.324kgCO_2e/kWh
Belgium	Natural gas	0.214kgCO_2e/kWh
	Electricity	0.22kgCO_2e/kWh
	Fuel oil	0.324kgCO_2e/kWh
Italy	Natural gas	0.214kgCO_2e/kWh
	Electricity	0.406kgCO_2e/kWh
	Fuel oil	0.324kgCO_2e/kWh

Fuel oil consumption data are calculating using the formula 10 MWh LHV/cubic metre (2).

Waste management

Only data on infectious medical waste are collected and reported. They are collected in all four countries.

Exclusions

This registration document does not provide information on respect for animal well-being as it is not deemed to be relevant for the Group.

(1) Source: The ADEME Resource Centre on Greenhouse Gas Emissions Assessment, consulted in 2018. For more information see http://www.bilans-ges.ademe.fr.
(2) Source: http://www.renovationdurable.eu/

3.9 REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

For the year ended 31 December 2018

This is a free translation into English of the Independent third party's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the non-financial statement for the year ended 31 December 2018 (hereinafter the "**Statement**"), included in the management report pursuant to the legal and regulatory requirements of articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "**Guidelines**"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "**Information**").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our procedures allowed us to assess the compliance of the Statement with regulatory requirements and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2 of the French Commercial Code;
- we verified that the Statement presents the business model and the key risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;

Report by the independent third party on the consolidated non-financial statement included in the Group management report

- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes (1) that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities (2) and covers between 40% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important (3);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 5 people between November 2018 and April 2019 and took a total of 7 weeks.

We conducted ten interviews with the people responsible for preparing the Statement, representing in particular risk management, human resources, environmental and purchasing departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respect.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- For full year 2018, the reporting scope for the frequency rate and the severity rate, which are key performance indicators related to the risk of worsening working and health and safety conditions, does not include Korian Germany. Thus, it represents 65% of the total headcount for the Group.
- For the major safety risks (regarding buildings, food, medical equipment and devices – materiovigilance, and hot water (legionella bacteria)), the Group has taken steps to prevent and limit the risks but does not have key performance indicators for full year 2018.

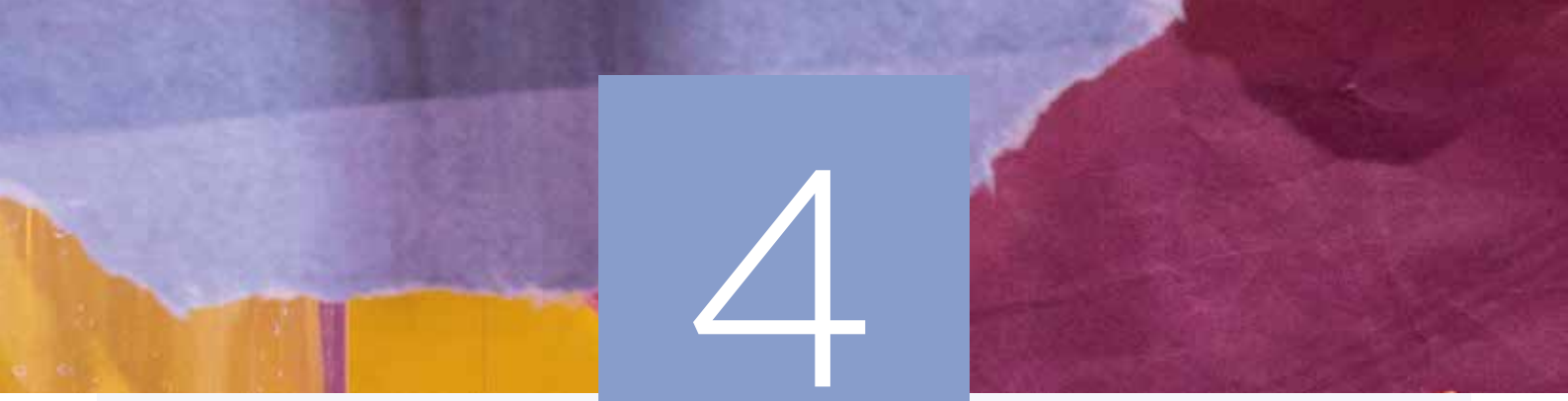
Paris-La Défense, 23 April 2019

The independent third party

MAZARS SAS

Manuela BAUDOIN-REVERT	Edwige REY
Partner	*CSR and Sustainable Development Partner*

(1) **HR information:** total FTE at 31/12/2018; Absenteeism rate; Frequency rate; Severity rate; Average number of training hours per employee present on 31/12/2018.
Environmental information: water consumption/bed; Energy consumption / square meter; GHG emissions from energy consumption (tCO_2)/bed; Tons of DASRI waste/site.
Social information: percentage of sites where the *Positive Care* approach is implemented; number of employees trained in *Positive Care*; residents/family satisfaction rate (SatisfaKtion); percentage of purchases (euros) from suppliers assessed by Ecovadis; number of alerts from the warning system.
(2) Korian Germany, Korian France.
(3) Ethical and responsible practices.



4

CORPORATE GOVERNANCE

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This chapter makes up the main body of the Report on corporate governance, drafted by the Board of Directors (the "**Board**" or the "**Board of Directors**") at its 14 March 2019 meeting, upon the recommendation of the Compensation and Appointments Committee held on 12 March 2019, in accordance with article L. 225-37 of the French Commercial Code. It reports particularly on the composition of the Board, the application by the Company of the corporate governance code, to which it refers, the conditions governing the preparation and organisation of the work of the Board and its Committees, the powers of the Chairman and the Chief Executive Officer, and the principles and rules established for determining the compensation and benefits of all kinds granted to Corporate Officers.

The provisions governing shareholder participation in General Meetings can be found in sections 7.1.2.4 "Convening Annual and Extraordinary General Meetings of shareholders and conditions for attendance" and 7.5 "Conditions for shareholder participation in General Meetings" of this registration document.

Information about delegations of authority to increase the share capital is presented in section 7.2.3 "Issued and unissued authorised capital" of this registration document.

The factors which may have an impact in the event of a takeover bid are set out in section 7.2.5 "Factors which may have an impact in the event of a takeover bid" of this registration document.

The Report on corporate governance has been submitted to the statutory auditors in accordance with article L. 225-235 of the French Commercial Code.

4.1 IMPLEMENTATION OF THE AFEP-MEDEF CODE'S RECOMMENDATIONS

Korian uses as a reference the Corporate Governance Code for Listed Companies, jointly drafted by the AFEP and the MEDEF in December 2002, and has recently been revised in June 2018 (the "**AFEP-MEDEF Code**"). The Code is available on the following website: **www.afep.com**.

In accordance with the "Comply or Explain" principle set out in article L. 225-37-4 8° of the French Commercial Code and article 27.1 of the AFEP-MEDEF Code, Korian deems that its practices comply with the recommendations of the AFEP-MEDEF Code, unless expressly indicated otherwise in this Report. It is explained below the reasons why Korian has derogated from four of the Code's recommendations.

AFEP-MEDEF's recommendation	Korian's explanation
Board meetings that are not attended by Executive Corporate Officers	
10.3 It is recommended that a meeting without the presence of the Executive Corporate Officers be held annually.	In 2018, the Chief Executive Officer, who is the Company's only Executive Corporate Officer, did not participate in Board meetings that concerned her. As from 2019, an annual meeting of the Board of Directors will be held without the Chief Executive Officer presence. This meeting was held on 14 March 2019.
Participation of the Director representing employees to the work of the committee that oversees compensation	
17.1 It is recommended that an employee Director be a member of the committee that oversees compensation.	The Board of Directors' Internal Regulations provide that an employee Director may attend meetings of the Compensation and Appointments Committee.
Shares held personally by Directors	
19 Directors should be shareholders in their own name and, pursuant to the Company's Articles of association or internal regulations, should own a minimum number of shares that is significantly proportional to the Director attendance fees they receive.	Eight of the eleven members of the Board of Directors hold significant amounts of Korian shares in their own name in respect of the Directors' fees allocated. One Director owns only one share since this is a requirement under the Company's internal rules given this Director's duties. The Director who represents employees on the Board of Directors holds no Korian share.
Obligation to retain shares	
22. § 1 The Board of Directors should specify a minimum number of shares that Corporate Officers must hold in registered form as long as they remain in office. This decision should be reviewed at least with each reappointment.	The long-term incentive plans that the Company has set up, and of which the Chief Executive Officer is a beneficiary, impose such obligations to hold shares in registered form. Furthermore, article 1.6.2 of the Internal Regulations specifies that all shares held by Directors, including the Chairman of the Board of Directors, must be held in registered form. Mr Christian Chautard currently holds 1,239 shares, all of which are held in registered form. Mrs Sophie Boissard currently holds 13,088 Korian shares, all of which are held in registered form.

4.2 THE COMPANY'S MANAGEMENT AND ADMINISTRATION BODIES

4.2.1 / GOVERNANCE METHOD

4.2.1.1 A single-tier system of governance

The Company is currently a French *société anonyme* with a board of directors. At the General Meeting held on 21 March 2012, the shareholders decided to change the Company's governance to a single-tier system due to the need to deal with an economic and financial climate that had become particularly tumultuous and uncertain, demanding a more concentrated form of governance, thus enabling the Company to improve its ability to react to market volatility.

4.2.1.2 Separation of the offices of Chairman and Chief Executive Officer

Pursuant to article L. 225-51-1 of the French Commercial Code, on 21 March 2012, the Board of Directors decided to separate the offices of Chairman of the Board of Directors and Chief Executive Officer, effective 30 April 2012. When the former Chief Executive Officer was removed from office on 18 November 2015, Mr Christian Chautard held both offices on an interim basis until 26 January 2016, the date on which Mrs Sophie Boissard took office as Chief Executive Officer and the two offices were separated once again. The Board of Directors renewed this decision at its 22 June 2017 meeting, when it reappointed Mr Christian Chautard as Chairman.

The General Management functions are performed by Mrs Sophie Boissard, who was appointed by the Board of Directors on 26 January 2016. Mr Christian Chautard has chaired the Board of Directors since 25 March 2015.

4.2.1.3 The General Management

Article 12 of the Company's Articles of association defines and specifies the appointment and operating procedures for the General Management, in accordance with legal requirements. The Board of Directors determines how General Management functions are to be performed, and appoints (and, if applicable, dismisses) the Chief Executive Officer.

Since 26 January 2016, Mrs Sophie Boissard has served as Chief Executive Officer.

The Chief Executive Officer does not have an employment contract with the Company or with any other Group company.

Profile of the Chief Executive Officer



Mrs Sophie Boissard

Chief Executive Officer of Korian

Born on: 11 July 1970 in Paris (75)
Nationality: French
Address: 21-25, rue Balzac, 75008 Paris

Start of term: 26 January 2016
End of term: 25 January 2021

BIOGRAPHY

Mrs Sophie Boissard is a graduate of the *École Normale Supérieure* and the *École Nationale d'Administration* and has been the Chief Executive Officer of Korian since 2016. Previously, starting in 2008, she was a member of the SNCF Group's Executive Committee. At SNCF she created and developed the real estate value enhancement activities (Gares et Connexions, SNCF Immobilier) and was responsible for strategy and international development. She began her career at the *Conseil d'État* and the Economy and Finance Ministry.

At the date of this report, Mrs Sophie Boissard holds 13,088 Korian shares.

OTHER OFFICES IN THE GROUP

Chairwoman of the Curanum AG (Germany) and Korian Management AG (Germany) Supervisory boards, Director of Segesta (Italy), SLG (Belgium) and the KOR Foundation (Italy), Chairwoman of the Korian Foundation for Ageing Well

OFFICES OUTSIDE THE GROUP (1)

Member of the Supervisory board: Allianz SE (listed company)

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Chairwoman: Groupe ICF Habitat, Espaces Ferroviaires
Director: Eurostar, Areva, SANEF

(1) Mrs Sophie Boissard is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Powers of the Chief Executive Officer

Subject to the powers that the law expressly confers on General Meetings of shareholders and the Board of Directors, and within the limits of the corporate purpose, the Chief Executive Officer has the broadest possible powers to act in all circumstances in the name of the Company.

The Chief Executive Officer represents the Company in its dealings with third parties. The Company is bound even by actions of the Chief Executive Officer that are not within the corporate purpose, unless it proves that the third party was aware, or under the circumstances could not have been unaware, that the action was not within the corporate purpose. However, publication of the Articles of association is not in itself sufficient proof thereof.

Article 11.3 of the Company's Articles of association and article 1.4 of the Internal Regulations list the General Management decisions that must be submitted for prior approval to the Board of Directors. These decisions are also described in the section 4.2.2.3 below entitled "Role and duties of the Board of Directors".

Prior to her appointment, Mrs Sophie Boissard agreed to request the opinion of the Board if she were to consider holding any new position or corporate office in addition to her position as Chief Executive Officer of the Company, in accordance with article 18.2 of the AFEP-MEDEF Code.



Group General Management Committee – first row, left to right: Mr Didier Armaingaud, Mrs Sophie Boissard, Mrs Mariuccia Rossini; second row, left to right: Mr Rémi Boyer, Mr Dominiek Beelen, Mr Nicolas Mérigot, Mrs Caroline de Jessey, Mr Charles-Antoine Pinel, Mr Philippe Garin, Mr Bart Bots, Mr Frédéric Durousseau, Mr Arno Schwalie.

General Management Committee

The Chief Executive Officer created a General Management Committee to provide support for her management functions, and which comprises Mr Didier Armaingaud (Group Chief Medical, Ethics and Quality Officer), Mr Dominiek Beelen (1) (CEO Korian Belgium), Mr Bart Bots(1) (International Development Director), Mr Rémi Boyer (Group Chief Human Resources and CSR Officer), Mr Frédéric Durousseau (Group Chief Real Estate and Development Officer), Mr Philippe Garin(2) (Group Chief Financial Officer), Mrs Caroline de Jessey(3) (Group Chief Communication Officer), Mr Nicolas Mérigot (France Healthcare Division Executive VP), Mr Charles-Antoine Pinel (France Seniors Division Executive VP), Mrs Mariuccia Rossini (CEO Korian Italy) and Mr Arno Schwalie (CEO Korian Germany).

Diversity policy for the management bodies

Women make up 82% of the Korian group's workforce. It therefore strives to ensure that the management bodies reflect the Group's reality in this respect. Diversity is one of the 10 cardinal points of the Group's HR policy and is also reflected in its national regulations and collective agreements that promote non-discrimination in all of the Company's key HR processes, particularly recruitment, internal job offers and mobility, promotions, wage policy and parental rights. To support and strengthen the gender equality policy in order to achieve a more balanced representation of women and men on the Group's General Management Committee, the career management and professional development process has been revised to more closely and systematically identify women able to take on greater responsibility under succession plans in the short or medium term. At the end of December 2018, women accounted for:

Management	% of women*
Group General Management Committee	25%
Korian top management	44%
Facility managers	53%
Support functions (Group Finance Department)	57%

(1) On 1 May 2018, Mr Dominiek Beelen was appointed Chief Executive Officer Korian Belgium and a member of the General Management Committee, replacing Mr Bart Bots, who was appointed International Development Director and member of the General Management Committee.
(2) On 3 April 2018, Mr Philippe Garin was appointed Group Chief Financial Officer and a member of the General Management Committee, replacing Mr Laurent Lemaire, who resigned on 31 March 2018.
(3) Mrs Caroline de Jessey was appointed a member of the General Management Committee in 2018.

The Korian group was once again recognised for its diversity policy in 2018 when it received the equality prize from the *Institut du Capitalisme Responsable*/Ethics & Boards in the health facilities and services category, due especially to the high percentage of women on the Compensation and Appointments Committee. With 25% women on the General Management Committee, and 44% in the top management, the Korian group is in the top 20 companies in the SBF 120 and above the European average according to surveys by Ethics & Boards, the Korian group's General Management Committee being chaired by a woman, Mrs Sophie Boissard. A target of at least 50% has been set for 2022 for the percentage of women in the top management.

To further its efforts, the Korian group cooperates and contributes to the work of the *"observatoire de la diversité"* (diversity observatory), which is part of the *Institut du Capitalisme Responsable* and has published a green book to improve equality in companies' management bodies and to generally improve equality within companies. At the start of 2019, the Korian group will also launch a "Korian women's club" set up to promote diversity and good practices to further equality. In 2018, the Group also became a founding-group partner in the "CEASE, 1 in 3 women" European initiative, alongside the L'Oréal, Kering and Engie groups, amongst others, whose aim is to reduce violence against women.

Generally speaking, the Korian group is actively considering ways to more effectively take into account the position of its female employees and has made it one of the work focuses of the Korian Foundation for Ageing Well in the area of solidarity and inclusion.

4.2.2 / THE BOARD OF DIRECTORS

Article 11 of the Company's Articles of association, reproduced in section 7.1.3 of this registration document, defines and specifies the conditions and procedures governing the composition and operation of the Board of Directors.

4.2.2.1 Changes in the Board's composition in 2018

At the Combined General Meeting held on 14 June 2018, the Company's shareholders decided to renew the terms of office of Predica Prévoyance Dialogue du Crédit Agricole, Malakoff Médéric Assurances and Mrs Catherine Soubie, for a three-year term expiring at the end of the General Meeting of shareholders convened to vote on the financial statements for the financial year ending 31 December 2020.

Pursuant to notice given by the Office d'Investissement des Régimes de Pensions du Secteur Public on 29 August 2018, Mr Alexandre Gagnon-Kugler has replaced Mrs Anik Lanthier as permanent representative to the Board of Directors. Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon has replaced Mr Hugues du Jeu as permanent representative to the Board of Directors.

The Company's Board of Directors comprises the following 11 members: Mr Christian Chautard (Chairman), Mr Jérôme Grivet, Predica Prévoyance Dialogue du Crédit Agricole ("**Predica**") (represented by Mrs Françoise Debrus), Office d'Investissement des Régimes de Pensions du Secteur Public ("**Investissements PSP**") (represented by Mr Alexandre Gagnon-Kugler), Malakoff Médéric Assurances (represented by Mrs Anne Ramon), Mr Jean-Pierre Duprieu, Dr Markus Müschenich, Mrs Anne Lalou, Mrs Elisabeth T. Stheeman, Mrs Catherine Soubie and Mrs Hafida Cola [(1)].

Mr Guy de Panafieu is the Board Observer.

(1) Director representing employees.

Table summarising the changes to the composition of the Board of Directors in 2018

General Meeting of 14 June 2018	
End of term	N/A
Reappointment	Predica (represented by Mrs Françoise Debrus) Malakoff Médéric Assurances (represented by Mrs Anne Ramon [1]) Mrs Catherine Soubie (independent Director)
Appointment	N/A

(1) Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon has replaced Mr Hugues du Jeu as permanent representative to the Board of Directors.

Key indicators

	2018
Number of meetings	10
Average attendance rate	85.4%
Number of Directors	11
Percentage of independent Directors [1]	50%
Percentage of male Directors	50%
Percentage of female Directors [2]	50%

(1) Mrs Hafida Cola, the Director representing employees, is not included in this calculation, in accordance with article 8.3 of the AFEP-MEDEF Code.
(2) Mrs Hafida Cola, the Director representing employees, is not included in this calculation, in accordance with article L. 225-27-1 of the French Commercial Code.

Attendance of Board members

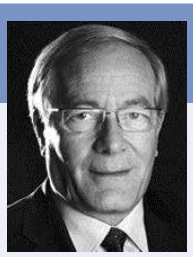
Member attendance rates at Board meetings	**Number of meetings in 2018**	**Average attendance rate in 2018**
Christian Chautard (Chairman)	10/10	100%
Jérôme Grivet	10/10	100%
Predica (Françoise Debrus)	10/10	100%
Investissements PSP (Alexandre Gagnon-Kugler) [1]	4/10	40% [2]
Malakoff Médéric Assurances (Anne Ramon) [3]	7/10	70%
Jean-Pierre Duprieu	10/10	100%
Anne Lalou	9/10	90%
Markus Müschenich	9/10	90%
Elisabeth T. Stheeman	10/10	100%
Catherine Soubie	10/10	100%
Hafida Cola	5/10	50% [4]

(1) Pursuant to notice given by Investissements PSP on 29 August 2018, Mr Alexandre Gagnon-Kugler has replaced Mrs Anik Lanthier as permanent representative to the Board of Directors.
(2) Mrs Anik Lanthier, a member of Investissements PSP's Management team and Senior Vice President Public Markets and Absolute Return Strategies, was appointed on 12 December 2017 to replace Mr Bichut. Due to legitimate internal reasons, and in accordance with the Board of Directors' internal regulations, she was unable to attend meetings of Korian's Board of Directors. Mrs Anik Lanthier was replaced on 29 August 2018 by a member of her team, Mr Alexandre Gagnon-Kugler. The latter has since attended Board of Directors' meetings.
(3) Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon has replaced Mr Hugues du Jeu as permanent representative to the Board of Directors.
(4) Mrs Hafida Cola could not attend several meetings of the Board of Directors as she was on long-term sick leave.

4.2.2.2 Composition of the Board of Directors

Chairman of the Board of Directors

Profile of the Chairman of the Board of Directors



Mr Christian Chautard

Chairman of the Board of Directors and Member of the Investment Committee

Born on: 9 July 1948 in Valence (26)
Nationality: French/German
Address: 21-25 rue Balzac, 75008 Paris

Date of appointment (1)**:** GM of 18 March 2014
Renewal date: GM of 22 June 2017
End of term: GM voting on the financial statements for financial year 2019

BIOGRAPHY

Mr Christian Chautard studied at the *École Polytechnique* and holds an MBA from INSEAD. Early in his career he held operational positions in two leading groups in the metallurgy industry.

He then headed a commodities trading company with offices in New York, London and Paris.

In 1982, he began a career as a strategy, organisation and governance consultant in an international organisation advising executive officers of international groups. He has worked in Europe and in the United States, notably at Mercer, now Oliver Wyman.

He is also fully familiar with Germany and its business practices.

He was appointed Chairman of Korian's Supervisory Board on 5 December 2011, and since then has successively held various offices as an executive or Director. He has been the Chairman of Korian's Board of Directors since 25 March 2015.

At the date of this report, Mr Christian Chautard holds 1,239 Korian shares.

OFFICES OUTSIDE THE GROUP (2)

Chairman: Renovia

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Chairman & Chief Executive Officer: Korian (listed company)
Chairman of the Supervisory Board: Curanum AG (Germany), Korian Management AG (Germany)
Vice-Chairman of the Board of Directors: Korian (listed company)
Director: Spigraph Group, Anthenor Holding Ltd
Member of the Supervisory board: Curanum AG (Germany), Korian Deutschland (Germany), Korian Management AG (Germany)
Member of the Management Board: Korian Management AG (Germany)
Manager: Phönix (Germany)

(1) Mr Christian Chautard was appointed by the General Meeting held on 21 March 2012 that adopted a single-tier governance system. In connection with Korian's merger with and takeover of Medica, and subject to the condition precedent that it be completed, the Ordinary General Meeting of 18 March 2014 (i) acknowledged his resignation and (ii) immediately appointed him for a three-year term.
(2) Mr Christian Chautard is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

Powers of the Chairman of the Board of Directors

The Chairman does not have an employment contract with the Company or with any other Group company.

In accordance with article 11.2.1 of the Company's Articles of association, the Chairman organises and directs the work of the Board, reports thereon to the General Meeting and carries out its decisions. The Chairman convenes the Board of Directors as often as necessary, and at least once per quarter. He sets the agenda for the meeting that he is chairing.

He ensures that the Company's governing bodies run smoothly and that best governance practices are implemented. He also ensures that the Directors are able to perform their duties, in particular by creating a climate for discussions conducive to taking constructive decisions.

In addition, on behalf of the Board and in close coordination with the Chief Executive Officer, he handles high-level national and international relations with public authorities and the Company's partners and strategic stakeholders and, in particular, he discusses corporate

governance issues with shareholders. He reports thereon to the Board of Directors.

He is also informed and consulted by the Chief Executive Officer on all significant events in relation to the Group's activities.

Lastly, the Chairman may, on an ad hoc basis, be charged by the Board of Directors with specific tasks consisting of monitoring unusual transactions that impact the Group's structure or scope, for which the Chairman may receive extraordinary compensation. When performing such duties, the Chairman acts in close collaboration with the Chief Executive Officer. In 2018, the Chairman was not requested to perform any such specific tasks.

As an exception to article L. 225-37 of the French Commercial Code, article 11.2.4 of the Articles of association provides that *"in the event of a tie vote, the Chairman does not have the casting vote".*

The other members of the Board of Directors



Mr Jérôme Grivet

Director and Chairman of the Investment Committee

Born on: 26 March 1962 in London (United Kingdom)
Nationality: French
Address: 12, place des États-Unis, 92120 Montrouge
Main position held: Deputy Chief Executive Officer responsible for Group Finances at Crédit Agricole SA

Date of appointment (1)**:** GM of 18 March 2014
Date of reappointment: GM of 22 June 2017
End of term: GM voting on the financial statements for financial year 2019

BIOGRAPHY

Mr Jérôme Grivet is a former Finance Inspector and graduated from the *École Nationale d'Administration,* ESSEC and the *Institut d'Études Politiques* in Paris. He began his career in the government sector with the Finance Inspectorate General (IGF). He was then appointed European Affairs Advisor to the Prime Minister, Alain Juppé, before joining Crédit Lyonnais in 1998 as head of the commercial bank's Finance and Management Control Department in France.

In 2001, he was appointed Chief Strategy Officer at Crédit Lyonnais. He then held the same position at Crédit Agricole SA.

After joining Calyon in 2004 as the head of Finance, the Corporate Secretariat and Strategy, he became its Deputy Chief Executive Officer in 2007.

From the end of 2010 to May 2015, he was Chief Executive Officer of Predica and Crédit Agricole Assurances.

Since May 2015, Mr Jérôme Grivet has been Deputy Chief Executive Officer responsible for Group Finances at Crédit Agricole SA.

At the date of this report, Mr Jérôme Grivet holds 1 Korian share.

OFFICES OUTSIDE THE GROUP (2)

Director: Nexity (listed company), CACEIS, Crédit Agricole Assurances, CACEIS Bank France (CACEIS BF)
Permanent representative of Predica, Director: COVIVIO (listed company, formerly Foncière des Régions)
Member of the Supervisory Board: Fonds de garantie des dépôts

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Chairman of the Board of Directors: Spirica, Dolcéa Vie, CA Life Greece (Greece)
Chief Executive Officer: Crédit Agricole Assurances, Predica
Chairman: Groupement français des Bancassureurs, CA Assurances Italie Holding (Italy)
Vice-Chairman: BES VIDA, Crédit Agricole Vita (Italy)
Director: CAAGIS, Pacifica, CA Indosuez Private Banking, Crédit Agricole Immobilier, LCL Obligation Euro, Icade (listed company)
Member of the Supervisory Board: Korian
Board Observer: La Médicale de France, Aéroports de Paris (listed company), Crédit Agricole Immobilier
Permanent representative of Predica, Director: La Médicale de France, Icade (listed company)
Permanent representative of Predica, Member of the Supervisory Board: CAPE, CA Grands Crus
Permanent representative of Predica, Board Observer: Siparex Associés
Permanent representative of Predica, Chairman: Fonds Stratégique Participation
Permanent representative of Crédit Agricole Assurances, Director: CACI

(1) Mr Jérôme Grivet was appointed by the General Meeting held on 21 March 2012 that adopted a single-tier governance system. In connection with Korian's merger with and takeover of Medica, and subject to the condition precedent that it be completed, the Ordinary General Meeting of 18 March 2014 (i) acknowledged his resignation and (ii) immediately appointed him for a three-year term.
(2) Mr Jérôme Grivet is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Predica

Director and Member of the Audit Committee and Compensation and Appointments Committee

Permanent representative: Mrs Françoise Debrus

Born on: 19 April 1960 in Paris (75)
Nationality: French
Address: 50-56, rue de la Procession, 75015 Paris
Prévoyance Dialogue du Crédit Agricole (Predica)
A French *société anonyme* (limited company)
Registered office: 50-56, rue de la Procession, 75015 Paris
Paris Trade and Companies Register No. 334 028 123
Main position held: Investment Director at Predica

Date of appointment: GM of 18 March 2014
Date of reappointment: GM of 14 June 2018
End of term: GM voting on the financial statements for financial year 2020

BIOGRAPHY

Mrs Françoise Debrus is a graduate of the *École nationale du génie rural des eaux et des forêts* and the *Institut national agronomique Paris-Grignon*.

Mrs Françoise Debrus began her career with the Crédit Agricole group in 1987, and was appointed Chief Financial Officer of Caisse Régionale de l'Île-de-France in January 2005. She joined Crédit Agricole Assurances on 2 March 2009 as Investment Director.

At the date of this report, Mrs Françoise Debrus holds 1,297 Korian shares.

At the date of this report, Predica holds 19,001,453 Korian shares.

OFFICES HELD BY PREDICA (1)

OFFICES OUTSIDE THE GROUP

Director: OPCI B2 Hotel Invest, Fonds Nouvel Investissement 1, Fonds Nouvel Investissement 2, Fonds Stratégique de Participation, Foncière des Régions (listed company), AEW Immocommercial, CAA Commerces 2, CAAM Mone Cash, Frey (listed company), Gécina (listed company), La Médicale de France, Lesica, Messidor, Predica Bureaux, Predica Commerces, Predica Habitation, Previseo Obsèques, River Ouest, CA Life Greece, Aéroports de Paris (listed company), Patrimoine et Commerce, Louvresses Development, Générale de Santé (listed company), B Immobilier, Carmila (listed company)
Member of the Supervisory Board: Immeo Wohnen GmbH, Interfimo, Foncière des Murs (listed company), CA Grands Crus, Effi-Invest I, Effi-Invest II, Ofelia, Sopresa, Unipierre Assurance, Altarea (listed company), PREIM Healthcare
Co-manager: Predicare
Board Observer: Siparex Associés, Tivana France Holding

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Member of the Supervisory Board: Lion SCPI
Director: Logistis, Crédit Agricole Immobilier Promotion, Dolcea Vie, Citadel, Citadel Holding, Foncière Développement Logements (listed company), Urbis Park, EUROSIC

OFFICES HELD BY MRS FRANÇOISE DEBRUS (2)

OFFICES OUTSIDE THE GROUP

Member of the Supervisory Board: COVIVIO Hôtel (listed company, formerly Foncière des Murs), Altarea (listed company)
Permanent representative of Predica, Director: Aéroport de Paris (listed company)
Director: SEMMARIS (Rungis market)
Board Observer: FREY SA (listed company)

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Permanent representative of Predica, Director: Eurosic (listed company), Ramsay Santé, Crédit Agricole Immo. Promotion
Permanent representative of Crédit Agricole Assurances, Director: Générale de Santé (listed company)
Director: Foncière Développement Logements (listed company), Beni Stabili (Italy) (listed company)

(1) Predica complies with the requirements of the French Commercial Code and French Monetary and Financial Code regarding holding multiple corporate offices.
(2) Mrs Françoise Debrus is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Investissements PSP

Director and Member of the Investment Committee and Audit Committee

Permanent representative: Mr Alexandre Gagnon-Kugler

(appointed on 29 August 2018 to replace Mrs Anik Lanthier)

Born on: 14 June 1979 in Québec (Canada)
Nationality: Canadian
Address: 2212 rue du Borée – H4R 0B8 Montréal, Québec, Canada
Office d'Investissement des Régimes de Pensions du Secteur Public (Investissements PSP)
A French *société par actions simplifiée* (simplified joint-stock company)
Registered office: 440, avenue Laurier Ouest, Bureau 200, K1R 7X6 Ottawa, Ontario, Canada
Quebec company number: 1163980601
Main position held: Senior Director, Global Equity Research, Public Markets and Absolute Return Strategies (PMARS) division at Investissement PSP

Date of co-optation by the Board of Directors: Board of Directors' meeting of 15 July 2015
Date of ratified co-optation: GM of 23 June 2016
Date of reappointment: GM of 22 June 2017
End of term: GM voting on the financial statements for financial year 2019

BIOGRAPHY

Born in 1979, Mr Alexandre Gagnon-Kugler spent nine years at Letko Brosseau & Associés, where he was mainly responsible for macroeconomic and equity research, and portfolio management and securities selection for bond mandates.

Alexandre joined Investissement PSP in 2013 and is currently Senior Director, Global Equity Research, within the Public Markets and Absolute Return Strategies (PMARS) division at Investissement PSP.

He has a master's degree in applied financial economics from HEC-Montreal and is a Chartered Financial Analyst (CFA).

At the date of this report, Mr Alexandre Gagnon-Kugler does not hold any Korian shares.

At the date of this report, Investissements PSP holds 11,100,000 Korian shares.

OFFICES HELD BY INVESTISSEMENTS PSP

Investissements PSP is a Canadian Crown Corporation subject to the Access to Information Act. This Act contains an exemption which allows Investissements PSP to refuse to release its commercial information (such as the offices it holds in private companies) in response to a request, provided such information is consistently treated as confidential.

Intentionally disclosing to the public, or treating as non-confidential, the offices held by Investissements PSP, would deprive such information of legal protection.

MR ALEXANDRE GAGNON-KUGLER'S OFFICES (1)

OFFICES OUTSIDE THE GROUP

N/A

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

N/A

(1) Mr Alexandre Gagnon-Kugler is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Malakoff Médéric Assurances

Director and Member of the Investment Committee and the Ethics, Quality and CSR Committee

Permanent representative: Mrs Anne Ramon

(appointed on 19 December 2018 to replace Mr Hugues du Jeu)

Born on: 6 September 1967 in Neuilly sur Seine (92)
Nationality: French
Address: 7, impasse Nansouty, 75014 Paris
Malakoff Médéric Assurances
A French *société anonyme* (limited company)
Registered office: 21, rue Laffitte, 75009 Paris
Paris Trade and Companies Register No. 401 678 180
Main position held: Chief Communication and Brand Officer at Malakoff Médéric Humanis Assurances

Date of appointment (1)**:** GM of 18 March 2014
Date of reappointment: GM of 14 June 2018
End of term: GM voting on the financial statements for financial year 2020

BIOGRAPHY

Mrs Anne Ramon is a graduate of the CELSA and political sciences at *Université Paris 1*. She began her career at a pharmaceutical laboratory, then in the French Government's information department (the Prime Minister's office). She then worked for the *Comité Français d'Éducation pour la Santé* (CFES), an organisation under the supervision of the Ministry of Health, where she was responsible for communication campaigns on the prevention of AIDS, working closely with patients' associations, researchers and the Ministry of Health. She broadened her expertise to cover all of the other major public health issues (tobacco, alcohol, nutrition, accidents and vaccination) as *Santé Publique France's* Chief Communication Officer. In 2005, she was appointed Patient Communication and Information Director at the *Institut national du cancer* (INCA), where she participated in the creation of the institute, and the development of the various cancer plans in conjunction with stakeholders. She was also responsible for communication about screening, providing information to patients and relations with patient associations.

Mrs Anne Ramon joined Malakoff Médéric in 2016 as Chief Communication and Brand Officer and a member of the EXCOM. She assisted with the Group's internal transformation and the new brand positioning in connection with the company's strategy. Since 1 January 2019, Mrs Anne Ramon has been Chief Communication and Brand Officer of the new Malakoff Médéric Humanis group.

At the date of this report, Mrs Anne Ramon does not hold any Korian shares.

At the date of this report, Malakoff Médéric Assurances holds 5,203,892 Korian shares.

OFFICES HELD BY MALAKOFF MÉDÉRIC ASSURANCES (2)

OFFICES OUTSIDE THE GROUP

Director: Ignilife France SAS
Member of the Supervisory Board: La Banque Postale Asset Management, Foncière Hospi Grand Ouest, Sycomore Factory

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Director: SCOR SE (listed company), Médéric Conseil, LVL Médical Groupe
Member of the Supervisory Board: Quatrem, Quatrem Assurances Collectives, Korian (listed company)

MRS ANNE RAMON'S OFFICES (3)

OFFICES OUTSIDE THE GROUP

N/A

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

N/A

(1) Malakoff Médéric Assurances was appointed by the General Meeting held on 21 March 2012 that adopted a single-tier governance system. In connection with Korian's merger with and takeover of Medica, and subject to the condition precedent that it be completed, the Ordinary General Meeting of 18 March 2014 (i) acknowledged its resignation and (ii) immediately appointed it for an exceptional term of one (1) year expiring at the conclusion of the Ordinary General Meeting of shareholders convened to vote on the financial statements for financial year 2014.
(2) Malakoff Médéric Assurances is in compliance with the applicable laws and recommendations on holding multiple corporate offices.
(3) Mrs Anne Ramon is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Mr Jean-Pierre Duprieu

Director, Chairman of the Compensation and Appointments Committee and Member of the Audit Committee

Born on: 13 April 1952 in Chartres (28)
Nationality: French
Address: 10, rue Danton, 75006 Paris

Date of appointment: GM of 23 June 2016
End of term: GM voting on the financial statements for financial year 2018

BIOGRAPHY

Mr Jean-Pierre Duprieu graduated as an agricultural engineer from the *Institut National Agronomique de Paris Grignon* (AgroParisTech) with a specialisation in the "food industry", and from the *Institut de Contrôle de Gestion de Paris* and the International Forum (advanced management programme in conjunction with Wharton University). He joined the Air Liquide Group in 1976, where he has spent his entire career, and has held various commercial, operational and strategic positions.

For nearly ten years he headed the Europe, Middle East and Africa region, before taking over the Asia Pacific region in 2005 as a member of the Group Executive Committee based in Tokyo, Japan.

From the start of 2010 to the end of 2016, when he retired from the Air Liquide Group, he oversaw the Europe region and Healthcare business, in addition to the Group's Purchasing and IT divisions. During this time he was Deputy CEO of the group.

He also serves on Michelin's Supervisory board and is a member of its Audit Committee. In addition, on a voluntary basis, he is Chairman of the AgroParisTech Foundation and Chairman of the French *Comité de la Charte du Don en Confiance* (Charity Accountability Association).

At the date of this report, Mr Jean-Pierre Duprieu holds 1,596 Korian shares.

OFFICES OUTSIDE THE GROUP (1)

Member of the Supervisory Board: Michelin (listed company)

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Director: Air Liquide Santé International, Air Liquide Welding (ALW) SA
Chairman of the Board of Directors: Air Liquide Eastern Europe
Deputy CEO: L'Air Liquide SA (listed company)

(1) Mr Jean-Pierre Duprieu is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

The Company's management and administration bodies



Dr Markus Müschenich

Director and Member of the Audit Committee and the Ethics, Quality and CSR Committee

Born on: 9 June 1961 in Düsseldorf (Germany)
Nationality: German
Address: Friedrichstrasse 68, 10117 Berlin, Germany
Main position held: Managing Partner of Flying Health

Date of appointment: GM of 22 June 2017
End of term: GM voting on the financial statements for financial year 2019

BIOGRAPHY

Dr Markus Müschenich is a graduate of the Universities of Düsseldorf and Münster (medicine). He also has a degree from the University of Düsseldorf in public health.

He began his career in 1987 as a consultant in the paediatrics department of the University of Düsseldorf. In 1996, he became an independent management consultant, specialising in strategy, development and restructuring. In 1998, Müschenich became an expert in digital solutions in the health field. From 1999 to 2001, he worked as an assistant to the Chief Executive Officer and Medical Director of the Berlin Trauma Center, a European digital hospital that provides remote medical services globally. In 2002, he became a member of the Board of Directors and Chief Medical Officer of the Paul-Gerhardt-Diakonie Hospital. From 2009 to 2012, he was a member of the Board of Directors and, during the last six months, Chief Medical Officer of Sana Kliniken, which currently operates 60 hospitals providing integrated healthcare services.

Dr Markus Müschenich is currently Managing Partner of Flying Health, which he created in 2012. In 2016, he set up the Flying Health Incubator, which provides support for start-ups developing digital solutions for healthcare systems. Dr Müschenich is also a member of the German Medical Association's internet medicine working group. In addition, Dr Markus Müschenich is currently a member of the *AOK-Bundesverband* (regulatory health insurance) Scientific Institute's Quality Management Advisory Board.

At the date of this report, Dr Markus Müschenich holds 76 Korian shares.

OFFICES OUTSIDE THE GROUP (1)

N/A

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

N/A

(1) Dr Markus Müschenich is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Mrs Anne Lalou

Director and Chairwoman of the Ethics, Quality and CSR Committee

Born on: 6 December 1963 in Paris (75)
Nationality: French
Address: 59, rue Nationale, 75013 Paris
Main position held: Chief Executive Officer of the Web School Factory and Chairwoman of Innovation Factory

Date of appointment: GM of 18 March 2014
Date of reappointment: GM of 23 June 2016
End of term: GM voting on the financial statements for financial year 2018

BIOGRAPHY

Mrs Anne Lalou is a graduate of the ESSEC.

She started her career as an authorised representative and then Deputy Head of Lazard's Mergers and Acquisitions Department in London and then Paris, before becoming Head of New Projects and Development at Havas.

She was Chairwoman and CEO of Havas Édition Électronique before working for Rothschild & Cie as a Manager.

In 2002, she joined Nexity as Corporate Secretary and Development Director, before becoming CEO of Nexity Franchises in 2006 and then Deputy Chief Executive Officer of the Distribution division until 2011.

She took on the management of the Web School Factory in 2012 and Innovation Factory in 2013.

At the date of this report, Mrs Anne Lalou holds 1,180 Korian shares.

OFFICES OUTSIDE THE GROUP (1)

Director: Natixis (listed company)
Member of the Supervisory Board: Eurazeo (listed company)
Chief Executive Officer: Web School Factory
Chairwoman: Innovation Factory

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Chairwoman: Nexity Solutions
Director: Medica, Kea & Partners
Member of the Supervisory Board: Foncia Holding, Foncia Groupe (listed company)
Chief Executive Officer: Nexity Solutions

(1) Mrs Anne Lalou is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

The Company's management and administration bodies



Mrs Elisabeth T. Stheeman

Director and Member of the Audit Committee

Born on: 24 January 1964 in Hamburg (Germany)
Nationality: British, German
Address: 11 Adelaide Road, GB Walton-on-Thames, Surrey KT 121 NB, United Kingdom
Main position held: External Member of the Financial Policy Committee of the Bank of England

Date of co-optation by the Board of Directors: 15 March 2017
Date ratified: GM of 22 June 2017
End of term: GM voting on the financial statements for financial year 2018

BIOGRAPHY

Mrs Elisabeth T. Stheeman is a graduate of the *Wirtschaftsakademie Hamburg* (Hamburg business school) and the London School of Economics.

She began her career in 1982 in the Strategy Department of Vereins-und Westbank AG. After holding a variety of positions between 1988 and 2012 with Morgan Stanley, where she started as a financial analyst and rose to Chief Operating Officer of the Investment Banking division, she joined LaSalle Investment Management as Global Chief Operating Officer and member of the Global Management Committee between 2013 and 2014. In 2015, she was also an independent Director and a member of the Investment and Compensation Committees of Redefine International Plc. From 2015 to early 2018, she was also a Senior Advisor to the Bank of England/Prudential Regulation Authority.

Mrs Elisabeth T. Stheeman is a member of the Court of Governors and of the Council of the London School of Economics, as well as Vice-Chairwoman of the Finance and Real Estate Committee.

She is currently a member of the Supervisory Board of Aareal Bank AG (since 2015) and an External Member of the Bank of England's Financial Market Infrastructure Board and Financial Policy Committee (since 2017 and 2018 respectively).

At the date of this report, Mrs Elisabeth T. Stheeman holds 75 Korian shares.

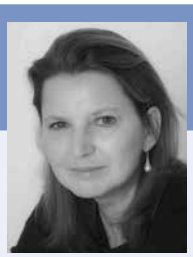
OFFICES OUTSIDE THE GROUP (1)

Member of the Supervisory Board: Aareal Bank AG (listed company)

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Director (non-executive): Redefine International Plc
Member of the Supervisory Board: TLG Immobilien

(1) Mrs Elisabeth T. Stheeman is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Mrs Catherine Soubie

Director, Chairwoman of the Audit Committee and Member of the Compensation and Appointments Committee

Born on: 20 October 1965 in Lyon (69)
Nationality: French
Address: 137, rue de l'Université, 75007 Paris
Main position held: Chief Executive Officer of Arfilia

Date of appointment: GM of 18 March 2014
Date of reappointment: GM of 14 June 2018
End of term: GM voting on the financial statements for financial year 2020

BIOGRAPHY

Mrs Catherine Soubie is a graduate of the *École Supérieure de Commerce de Paris*. She began her career in 1989 at Lazard in London, before relocating to its Paris office, where she was Director of Financial Affairs. She then held a variety of positions at Morgan Stanley in Paris, notably Managing Director. From 2005 to 2010, she served as Deputy CEO of Rallye. In 2010, she joined Barclays as Managing Director, Head of Investment Banking for France, Belgium and Luxembourg.

Since September 2016, she has been Chief Executive Officer of Arfilia.

At the date of this report, Mrs Catherine Soubie holds 6,900 Korian shares.

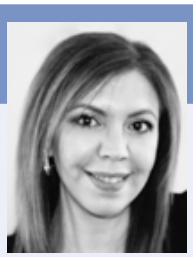
OFFICES OUTSIDE THE GROUP (1)

Chief Executive Officer: Arfilia SAS, Alixio, Taddeo
Director: Covivio (formerly Foncière des Régions, listed company), Sofina (listed company)
Chairwoman: Financière Verbateam, Verbateam

OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Director: Medica
Managing Director – Head of Investment Banking (France, Belgium and Luxembourg): Barclays

(1) Mrs Catherine Soubie is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Mrs Hafida Cola

Director representing employees and Member of the Ethics, Quality and CSR Committee

Born on: 20 December 1970 in Aït Brahim (Morocco)
Nationality: French
Address: 7, rue du Vieux-Tilleul, 25000 Besançon
Main position held: Executive assistant at Korian, seconded to *Ages & Vie*

Date of appointment: 25 January 2016
End of term: GM voting on the financial statements for financial year 2018

BIOGRAPHY

Mrs Hafida Cola is a graduate of the *École Supérieure de Vente* in Besançon. She began her career as a medical assistant, then from 2001, moved into a sales career in a ready-to-wear clothing company.

She joined Korian in 2004 as a multi-tasking assistant, then successively held the positions of Assistant to the Coordination France department and Coordination Project Manager. From 2013 to August 2018, she was national Coordinator for Coordination and Social Matters. Since September 2018, she has been seconded to *Ages & Vie*, a Korian subsidiary, as an executive assistant to the company's three co-founders.

She has held several offices [1] within the single staff delegation (secretary, member of the Health and Safety Committee (CHSCT), staff representative on the Works Council, and the Works Council's representative, first on the Supervisory board and then on Korian's Board of Directors).

At the date of this report, Mrs Hafida Cola does not hold any Korian shares.

OFFICES OUTSIDE THE GROUP [1]

N/A

(1) Mrs Hafida Cola is in compliance with the applicable laws and recommendations on holding multiple corporate offices.



Mr Guy de Panafieu

Board Observer

Born on: 5 April 1943 in Paris (75)
Nationality: French
Address: 4, rue de Longchamp, 75016 Paris
Main position held: Advisor to the *Chambre nationale des conseils en gestion de patrimoine*

Date of appointment: GM of 22 June 2017
End of term: GM voting on the financial statements for financial year 2018

BIOGRAPHY

Mr Guy de Panafieu is a graduate of the *Institut d'Études Politiques de Paris*, holds an arts and economics degree and studied at the *École Nationale d'Administration*. Formerly a Finance Inspector, from 1968 to 1982 he held a variety of positions at the Economy and Finance Ministry in foreign trade and international economic relations. He was a technical advisor on international economic matters to the President of France from 1978 to 1981. He worked for the Lyonnaise des Eaux Group from 1983 to 1997 in various management roles, most recently as Vice-Chairman and Chief Executive Officer. He was Chairman of the Bull group from 1997 to 2001. He is Chairman of Boileau Conseil and an advisor to the *Chambre nationale des conseils en gestion de patrimoine*.

At the date of this report, Mr Guy de Panafieu holds 1,523 Korian shares.

OFFICES OUTSIDE THE GROUP (1)

Director: SANEF
Chairman: Boileau Conseil

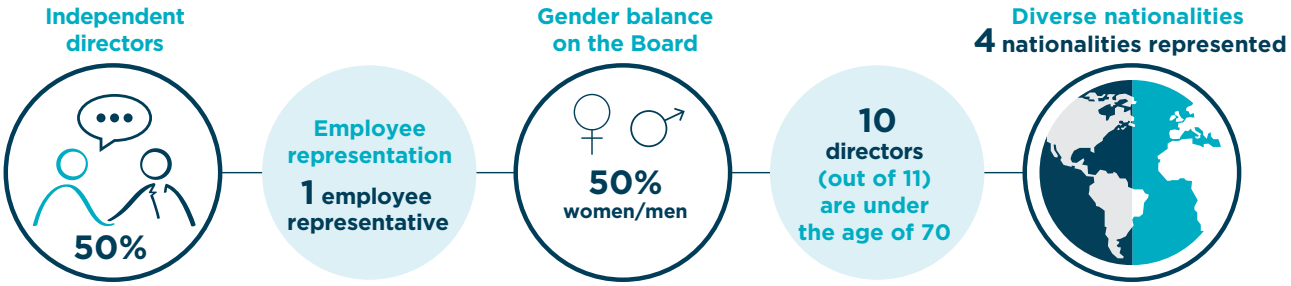
OFFICES THAT HAVE EXPIRED IN THE LAST 5 YEARS

Director: Medica, Korian (listed company)
Member of the Supervisory Board: Metropole Television (listed company)

(1) Mr Guy de Panafieu is in compliance with the applicable laws and recommendations on holding multiple corporate offices.

The balance of the Board of Directors' composition

The Board of Directors regularly reviews its own composition and the composition of its Committees in order to enhance and advance their diversity, which is a guarantee of objectivity, experience and independence for its shareholders. The procedures governing its organisation and operation are set out in its Internal Regulations, as well as in the ethical rules its members are required to comply with. In accordance with article 6.2 of the AFEP-MEDEF Code, at its 14 March 2019 meeting, the Board of Directors reviewed the balance of its composition, which it deemed satisfactory in particular with regard to the mix of genders, nationalities and diversity of expertise. This multinational and balanced membership, which includes active and committed members with complementary experience and skills, ensures the quality of discussions and the appropriateness of the Board's decision-making.



- **Gender balance:** The composition of the Board of Directors complies with the principle of gender balance adopted through Act No. 2011-103 of 27 January 2011 (1): 50% of the Board of Directors' members are women, *i.e.* Mrs Françoise Debrus (permanent representative of Predica), Mrs Anne Lalou, Mrs Anne Ramon (permanent representative of Malakoff Médéric Assurances), Mrs Elisabeth T. Stheeman and Mrs Catherine Soubie; 50% of the Board of Directors' members are male, *i.e.* Mr Christian Chautard, Mr Jérôme Grivet, Mr Alexandre Gagnon-Kugler (permanent representative of Investissements PSP), Mr Jean-Pierre Duprieu and Dr Markus Müschenich.

  In 2017 and 2018, Korian was awarded First Prize for Equality (SBF 80 category) and the Equality Prize (Health Facilities and Services category) by the Zimmermann Index.
- **Diverse nationalities/international profiles:** The most recent appointments reflect this policy, in particular the ratification of the co-optation of Mrs Elisabeth T. Stheeman and the election of Dr Markus Müschenich as Director on 22 June 2017. As a result, 33% of Board members are foreign nationals (German, British or Canadian) and 82% have an international profile.
- **Various areas of high-level expertise:** In the fields of strategy, finance, health, new technologies, as well as in important management positions with varied skills sets (international economics, governance and management), which are described in greater detail below. The complementary nature of the experience offered in these areas enables realistic and effective decision-making for dealing with the issues and challenges Korian faces.
- **An average age of 55:** Directors range in age from 39 to 70. The composition of the Board of Directors also complies with article 11.1.1 of the Company's Articles of association, which states that at least two-thirds of the Board's members must be under the age of 70. To date, 10 of the 11 Board members are under 70 years old.

(1) Mrs Hafida Cola, the Director representing employees, is not included in this calculation, in accordance with article L. 225-27-1 of the French Commercial Code.

Table summarising the expertise of the Board of Directors' members

	Develop-ment/ Strategy	Organisation/ Governance	Finance	Real estate/ Investment	Manage-ment	Mergers and acquisitions	CSR/Human Resources/ Legal	Digital trans-formation/ Innovation	Health	Interna-tional	Regulations/ Public policy
Christian Chautard	✔	✔			✔	✔				✔	
Jérôme Grivet	✔	✔	✔	✔	✔	✔				✔	✔
Predica (Françoise Debrus)			✔	✔					✔	✔	
Investissements PSP (Alexandre Gagnon-Kugler)	✔		✔	✔	✔	✔				✔	
Malakoff Médéric Assurances (Anne Ramon)	✔				✔				✔		✔
Jean-Pierre Duprieu	✔	✔			✔				✔	✔	
Anne Lalou	✔				✔	✔	✔	✔		✔	
Markus Müschenich								✔	✔	✔	✔
Elisabeth T. Stheeman			✔	✔						✔	
Catherine Soubie			✔		✔	✔				✔	
Hafida Cola							✔		✔		

Summary of the diversity policy applied to the Board of Directors' members

Criterion	Objective	Implementation procedures and results obtained
Gender balance on the Board	The percentage of Directors of each sex cannot be less than 40% at the end of the first Ordinary General Meeting after 1 January 2017. *(article L. 225-18-1 of the French Commercial Code)*	50% women (five women and five men) since the General Meeting of 22 June 2017.
Diverse nationalities/ international profiles	Seeking of foreign profiles and/or people with international experience to ensure the best balance in the Board's composition, given the Company's international development.	Change in the representation of Directors of foreign nationality: • 20% of Directors were of foreign nationality (Austrian or Canadian) at the General Meeting of 23 June 2016; • 33% of Directors are of foreign nationality (German, British or Canadian) since the General Meeting of 22 June 2017.
Various areas of expertise and complementary nature of profiles	Seeking of profiles that are complementary in terms of areas of expertise.	Expertise represented: strategy and development, governance, finance, real estate, investment, management, mergers and acquisitions, CSR, human resources and legal, digital transformation and innovation, health and public policy.
Independence of Directors	At least 50% independent Directors. *(article 8.3 of the AFEP-MEDEF Code)*	50% independent Directors.
Age of Directors	At least two-thirds of the Board's members must be under the age of 70. *(article 11.1.1 of the Company's Articles of association)*	10 out of 11 Directors are under the age of 70.

The tables below summarise the other criteria taken into consideration in assessing the balance of the Board's composition.

Table summarising the composition of the Board of Directors

Directors	Date appointed	Date reappointed	Term of office expires
Chairman			
Mr Christian Chautard	GM of 18 March 2014	GM of 22 June 2017	GM voting on the financial statements for financial year 2019
Mr Jérôme Grivet	GM of 18 March 2014	GM of 22 June 2017	GM voting on the financial statements for financial year 2019
Predica – represented by Mrs Françoise Debrus	GM of 18 March 2014	GM of 14 June 2018	GM voting on the financial statements for financial year 2020
Investissements PSP – represented by Mr Alexandre Gagnon-Kugler (1)	Board meeting of 15 July 2015 (co-optation) GM of 23 June 2016 (ratification)	GM of 22 June 2017	GM voting on the financial statements for financial year 2019
Malakoff Médéric Assurances – represented by Mrs Anne Ramon (2)	GM of 18 March 2014	GM of 14 June 2018	GM voting on the financial statements for financial year 2020
Independent Directors			
Mr Jean-Pierre Duprieu	GM of 23 June 2016	-	GM voting on the financial statements for financial year 2018
Mrs Anne Lalou	GM of 18 March 2014	GM of 23 June 2016	GM voting on the financial statements for financial year 2018
Dr Markus Müschenich	GM of 22 June 2017	-	GM voting on the financial statements for financial year 2019
Mrs Elisabeth T. Stheeman	Board meeting of 15 March 2017 (co-optation) GM of 22 June 2017 (ratification)	-	GM voting on the financial statements for financial year 2018
Mrs Catherine Soubie	GM of 18 March 2014	GM of 14 June 2018	GM voting on the financial statements for financial year 2020
Mrs Hafida Cola	25 January 2016	-	GM voting on the financial statements for financial year 2018
Board Observer			
Mr Guy de Panafieu	GM of 22 June 2017	-	GM voting on the financial statements for financial year 2018

(1) Pursuant to notice given by Investissements PSP on 29 August 2018, Mr Alexandre Gagnon-Kugler replaced Mrs Anik Lanthier as permanent representative to the Board of Directors.
(2) Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon replaced Mr Hugues du Jeu as permanent representative to the Board of Directors.

Committees	Age	Sex	Nationality	International experience
Investment Committee	70	M	French German	United States Germany
Investment Committee (Chairman)	57	M	French	Former Chairman of a Greek company and former Chairman and Director of various Italian companies
Audit Committee Compensation and Appointments Committee	58	F	French	Former Director of an Italian company
Investment Committee Audit Committee	39	M	Canadian	Canada Europe Asia Developing countries United States
Investment Committee Ethics, Quality and CSR Committee	51	F	French	-
Audit Committee Compensation and Appointments Committee (Chairman)	66	M	French	Europe Africa Middle East Asia
Ethics, Quality and CSR Committee (Chairwoman)	55	F	French	UK
Audit Committee Ethics, Quality and CSR Committee	57	M	German	Germany
Audit Committee	55	F	German British	UK Germany
Audit Committee (Chairwoman) Compensation and Appointments Committee	53	F	French	UK Benelux
Ethics, Quality and CSR Committee	48	F	French	-
-	76	M	French	

Independence of Directors

In accordance with article 8.3 of the AFEP-MEDEF Code, half of the Board's members are independent. The Director representing employees is not included in the calculation of this percentage.

In accordance with article 8.4 of the AFEP-MEDEF Code, the Board of Directors reviews Directors' independence whenever Directors are appointed, as well as annually for all Directors, after obtaining the opinion of the Compensation and Appointments Committee.

The independence criteria the Board of Directors applies, which are set out below, are in line with the relevant provisions of article 8.5 of the AFEP-MEDEF Code in this area:

- **Criterion 1:** the Director is not an employee or Executive Corporate Officer of the Company, an employee, Executive Corporate Officer or Director of a consolidated subsidiary of the Company, its parent company or a consolidated subsidiary of the parent company, and has not held such a position within the past five years;
- **Criterion 2:** the Director is not an Executive Corporate Officer of a company of which the Company is directly or indirectly a Director, or of which an employee appointed as such or an Executive Corporate Officer of the Company (currently or who has been such in the past five years) is a Director;
- **Criterion 3:** the Director is not a major customer, supplier, investment banker or commercial banker of the Company or its Group, and is not dependent on the Company or its Group for a material proportion of its business;
- **Criterion 4:** the Director does not have any close family ties with a Corporate Officer;
- **Criterion 5:** the Director has not been a statutory auditor of the Company over the past five years;
- **Criterion 6:** the Director has not been a Director of the Company for more than 12 years;
- **Criterion 7:** the Director does not receive variable compensation in cash or shares or any compensation linked to the performance of the Company or Group;
- **Criterion 8:** Directors representing major shareholders (with share capital or voting rights of more than 10%) in the Company or its parent company may be deemed independent if they are non-controlling shareholders.

At its 5 December 2018 meeting, the Board of Directors, in accordance with the recommendations of article 8.4 of the AFEP-MEDEF Code, and after obtaining the opinion of the Compensation and Appointments Committee, reviewed the independence of the Directors.

The Compensation and Appointments Committee reviewed the business relationships that may exist between the Company and the companies in which these Directors hold office and concluded that the independent members either have no business relationships or no significant business relationships with the Company.

On the recommendation of the Compensation and Appointments Committee, the Board determined that the following five Directors: Mr Jean-Pierre Duprieu, Mrs Anne Lalou, Dr Markus Müschenich, Mrs Catherine Soubie and Mrs Elisabeth T. Stheeman, *i.e.* 50% of the Directors, are independent [(1)].

(1) The Director representing employees is not included in this calculation, in accordance with article 8.3 of the AFEP-MEDEF Code.

Table summarising each Director's situation with regard to the independence criteria set out in article 8 of the AFEP-MEDEF Code

Name	1 Employee or Corporate Officer	2 Cross-directorships	3 Significant business relationships	4 Family ties	5 Statutory auditors	6 Term of office >12 years	7 Status of the Non-Executive Corporate Officer	8 Status of the major shareholder	Classification
Christian Chautard	X	✔	✔	✔	✔	✔	✔	✔	Non-independent
Jérôme Grivet	✔	✔	✔	✔	✔	✔	✔	X (2)	Non-independent
Predica (Françoise Debrus)	✔	✔	✔	✔	✔	✔	✔	X	Non-independent
Investissements PSP (Alexandre Gagnon-Kugler)	✔	✔	✔	✔	✔	✔	✔	X	Non-independent
Malakoff Médéric Assurances (Anne Ramon)	✔	✔	✔	✔	✔	✔	✔	X	Non-independent
Jean-Pierre Duprieu	✔	✔	✔	✔	✔	✔	✔	✔	Independent
Anne Lalou	✔	✔	✔	✔	✔	✔	✔	✔	Independent
Markus Müschenich	✔	✔	✔	✔	✔	✔	✔	✔	Independent
Elisabeth T. Stheeman	✔	✔	✔	✔	✔	✔	✔	✔	Independent
Catherine Soubie	✔	✔	✔	✔	✔	✔	✔	✔	Independent
Hafida Cola (1)				**N/C**					Employee representative

*In this summary table, ✔ means that an independence criterion has been met and **X** means that an independence criterion has not been met.
(1) In accordance with article 8.3 of the AFEP-MEDEF Code, the Directors representing employees are not included in the calculation of the Board of Directors' percentage of independence.
(2) Between the end of 2010 and May 2015, and particularly at the time of his appointment as a Korian Director, Mr Grivet was the Chief Executive Officer of Predica, a major shareholder in the Company. He is currently Deputy Chief Executive Officer responsible for Group Finances at Crédit Agricole SA, Predica's parent company.

Moreover, the Audit Committee, the Compensation and Appointments Committee and the Ethics, Quality and CSR Committee are chaired by independent Directors (by Mrs Catherine Soubie, Mr Jean-Pierre Duprieu and Mrs Anne Lalou, respectively).

Employee representation

Article 11.4 of the Company's Articles of association provides that, in accordance with article L. 225-27-1 *et seq.* of the French Commercial Code, the Board of Directors must have one or two Directors representing employees (depending on whether the Board has more than twelve Directors), who are appointed by the trade union that received the most votes in the first round of the elections provided for in articles L. 2122-1 and L. 2122-4 of the French Labour Code, within the Company and its direct or indirect subsidiaries, whose registered offices are located in France, or by each of the two trade unions that received the most votes in the first round of these elections if two Directors are to be appointed. When the terms of office of the Director (s) representing employees expire, the relevant trade union (s) will be requested, in a letter that is hand-delivered in exchange for a signed receipt or in a registered letter with acknowledgement of receipt, to appoint a Director representing employees who meets the conditions required by law, in particular the conditions laid down in article L. 225-28, paragraph 1, and article L. 225-30 of the French Commercial Code. Within 15 days, the trade union (s) must provide the Chairman of the Board of Directors with the name and position of the Director representing employees, by registered letter with acknowledgement of receipt.

Accordingly, on 25 January 2016, the most representative trade union within the Group appointed Mrs Hafida Cola as Director representing employees. On 16 September 2015, on the recommendation of the Compensation and Appointments Committee, the Board of Directors set preparation time at 15 hours per meeting and decided that the Director representing employees would receive 20 hours of training per year provided by the French Institute of Directors.

Article 3.1 of the Board's Internal Regulations provides for the possibility of inviting the Director representing employees to attend meetings of the Compensation and Appointments Committee in a non-voting capacity.

On 19 May 2016, the Board of Directors appointed Mrs Hafida Cola as member of the Ethics, Quality and CSR Committee for the duration of her term of office as Director.

In addition, one Central Works Council representative attends Board of Directors' meetings in a non-voting capacity.

Board Observer

Article 11.1.5 of the Company's Articles of association defines and specifies the procedures for appointing a Board Observer, as well as their duties and powers. The Board Observer attends Board meetings in a non-voting capacity and provides general advice to Directors, who are not bound by his advice or recommendations. The Board Observer is required to comply with the Board's Internal Regulations, as well as the obligations imposed on Directors.

The Company's policy has been not to have a permanent Board Observer. However, since the increased free float following Korian's merger and takeover of Medica, having an Observer has offered balance and continuity.

Mr Guy de Panafieu, whose term as Director was set to expire at the end of the General Meeting convened to vote on the financial statements for the 2018 financial year and held in 2019, resigned early, on 21 June 2017 at midnight, in order to enable a balanced renewal of the Board. Therefore, to continue to benefit from his strategic and financial vision given his presence at the time of Korian's merger and takeover of Medica and his experience as Chairman of the Audit Committee of Medica and then of Korian, Mr Guy de Panafieu was appointed Board Observer by the General Meeting held on 22 June 2017 for a two-year term expiring at the end of the General Meeting to be convened in 2019 to vote on the financial statements for the 2018 financial year (which coincides with the expiry date of his former term of office as Director). In addition, it should be noted that he has no particular ties to the Company's Executive Corporate Officers.

The Board, at its 14 March 2019 meeting, on the recommendation of the Compensation and Appointments Committee, decided not to ask the Shareholders' Meeting on 6 June 2019 to appoint a Board Observer.

Duration of Directors' terms of office

In accordance with the recommendations of the AFEP-MEDEF Code that Directors' terms of office should not exceed four years, the Articles of association provide that the term of office for the Company's Directors is three years. In addition, the terms of office are staggered and one-third of the Directors are renewed each year. Furthermore, the duration of the term of office of the Director representing employees is three years, expiring at the end of the General Meeting of shareholders that votes on the financial statements for the previous year and that is held during the year in which their term expires.

The table below shows the duration of each Director's term of office

Directors whose term of office expires after the AGM convened to vote on the financial statements for the 2018 financial year	Directors whose term of office expires after the AGM convened to vote on the financial statements for the 2019 financial year	Directors whose term of office expires after the AGM convened to vote on the financial statements for the 2020 financial year
Mr Jean-Pierre Duprieu (independent Director)	Mr Christian Chautard (Chairman of the Board of Directors)	Predica, represented by Mrs Françoise Debrus
Mrs Anne Lalou (independent Director)	Mr Jérôme Grivet	Malakoff Médéric Assurances, represented by Mrs Anne Ramon
Mrs Elisabeth T. Stheeman (independent Director)	Investissements PSP, represented by Mr Alexandre Gagnon-Kugler	Mrs Catherine Soubie
Mrs Hafida Cola (Director representing employees) (1)	Dr Markus Müschenich (independent Director)	

(1) The Director representing employees is appointed by the most representative union organisation, within the meaning of the applicable laws, in accordance with the procedures described in "Employee representation" on page 125 of the registration document.

At the General Meeting scheduled for 6 June 2019, the shareholders will be asked to renew the terms of office of Mr Jean-Pierre Duprieu, and Mrs Anne Lalou.

4.2.2.3 Role and duties of the Board of Directors

Duties and powers of the Board of Directors

The Board of Directors determines the Company's business strategy and ensures that it is carried out. It studies all matters relating to the proper operation of the Company and through its decisions resolves issues concerning it. In this respect, it performs any checks it considers necessary, at any time of the year, and it is entitled to request any documents from the General Management that it deems of use in carrying out its duties. The Board reviews press releases and presentations of the yearly and half-yearly results to the French Society of Financial Analysts (SFAF).

The currently valid financial delegations and authorisations, which were granted to the Board of Directors by the Combined General Meeting of 14 June 2018, are described in section 7.2.3.1 of this registration document.

Internal rules governing operations requiring the Board of Directors' prior approval

Article 11.3 of the Company's Articles of association and article 1.4.2 of the Internal Regulations at 14 March 2019 list the matters that must be submitted for prior approval to the Board of Directors, which include:

- the approval of the Company's strategic business plan and subsequent amendments thereto;
- the approval of the annual budget;
- disposals of real properties with a value exceeding €15 million by the Company or any company it controls within the meaning of article L. 233-3 of the French Commercial Code;
- disposals, in whole or in part, of investments with a value exceeding €15 million by the Company or any company it controls within the meaning of article L. 233-3 of the French Commercial Code;
- loans for an amount exceeding €50 million by the Company or any company it controls within the meaning of article L. 233-3 of the French Commercial Code;
- acquisitions of assets (such as companies or equity investments) with an enterprise value exceeding €15 million by the Company or any company it controls within the meaning of article L. 233-3 of the French Commercial Code.

The main work of the Board of Directors

In 2018, Directors' rate of attendance at Board meetings was 86.4%. At these meetings, the Board of Directors performed all the work incumbent on it in connection with its duties, in particular in the following areas:

- **The Company's results:**
  - preparing the 2017 annual individual and consolidated financial statements and the management report (including the CSR report);
  - preparing the 2018 financial statements and half-yearly financial report;
  - preparing the interim management documents.
- **Governance and compensation:**
  - changes in governance;
  - independence of Directors;
  - the Company's career and salary progression policy;
  - the compensation of Executive Corporate Officers;
  - the succession plan for Executive Corporate Officers.
- **General Meeting:**
  - convening the Annual General Meeting;
  - preparing proposed resolutions and reports to the General Meeting.
- **Financial management and development of the Company:**
  - defining the annual budget;
  - reviewing the financing policy;
  - authorising guarantees, pledges and security interests;
  - reviewing the development policy and the real estate portfolio;
  - authorising certain decisions in accordance with article 11.3 of the Articles of association and article 1.4.1 of the Internal Regulations.

Most matters were reviewed by one of the specialised committees in order to facilitate decision-making by the Board of Directors.

4.2.2.4 Operation of the Board of Directors

The Board of Directors' Internal Regulations

The Board of Directors' Internal Regulations describe the operation of the Board and set out the rules of conduct its members are required to follow, in order to ensure transparency and good corporate governance and to enable the Board to properly perform its supervisory duties, in accordance with generally accepted market practices. In particular, the Internal Regulations set out:

- the Directors' duties and the ethical rules they must follow, especially with respect to preventing conflicts of interest, holding the Company's securities, their duties of loyalty, diligence and confidentiality;
- the frequency of meetings and practical aspects thereof, in particular concerning the use of telecommunications and videoconferencing;
- the powers of the Board of Directors;
- the operating rules of Committees.

The Board of Directors regularly updates its Internal Regulations. The Internal Regulations were last updated on 14 March 2019, notably to expand the Ethics and Quality Committee's authority to CSR issues.

In accordance with the recommendations of the AFEP-MEDEF Code, the Internal Regulations are available for download, without restriction, from the Company's website (**www.korian.com**).

Board of Directors' Meetings

The Board of Directors meets as often as necessary, and at least once per quarter. Directors may be given notice of meetings by any means, including by ordinary post. Board of Directors' meetings are held at the registered office or at any other location specified in the notice of meeting. Meetings are chaired by the Chairman of the Board of Directors.

In order to facilitate the holding of Board of Directors' meetings and thus to increase the Board's efficiency, the Internal Regulations also provide that, under certain conditions, Board of Directors' meetings may use telecommunications or videoconferencing to enable the presence of one or more members, except at meetings held to adopt decisions for which the French Commercial Code does not authorise the use of these technologies.

Meetings are held and decisions are adopted in accordance with the majority and quorum requirements set by law. In the event of a tie vote, the Chairman does not have the casting vote.

Minutes of Board of Directors' meetings are prepared and kept in accordance with the requirements of the laws and regulations in force. Copies and excerpts thereof are certified in accordance with the law.

Board meetings that are not attended by Executive Corporate Officers.

In 2018, the Chief Executive Officer did not take part in discussions that concerned her (*e.g.* resolutions on her compensation or the succession plan).

As from 2019, at least one meeting of the Board of Directors will be held each year that the Chief Executive Officer, who is the sole Executive Corporate Officer, does not attend.

Integration process for directors

Directors are offered an integration process that includes (i) providing them with documents necessary for them to taking up their duties (Articles of association, Internal Regulations, registration document, half-yearly financial report, stock market code of ethics, Group organisation chart, *etc.*), (ii) site visits in the countries in which the Group operates including a presentation of business lines, and (iii) meetings with the Group's key executives.

If they deem it necessary, each new Director may receive additional training covering the Company's specific characteristics, its business lines and its activities.

Strategy seminar

A strategy seminar is held at least once a year for Directors to present the Group's ongoing reflections on its strategic policies, market developments, the Group's competitive environment and the resulting medium/long-term outlook for the Group, and to give Directors the opportunity to discuss them.

Evaluation of the Board of Directors

In accordance with the recommendations of article 9 of the AFEP-MEDEF Code, article 1.6.6 of the Board of Directors' Internal Regulations requires the Board to perform a yearly assessment of its own operation, which will then be discussed at a meeting. Moreover, a formal evaluation is carried out every three years under the direction of the Compensation and Appointments Committee or an independent Director, with the assistance of an external consultant. The last external evaluation was carried out in 2016.

In 2018, an evaluation of the Board of Directors was carried out by the Board's Secretariat on the basis of an internal questionnaire, under the direction of the Compensation and Appointments Committee. The evaluation revealed that Board members have a positive perception of the quality of information accessible to them as regards the Group, its activities, market trends and the way in which its strategy is being implemented. In addition, Board members have an ongoing and forward-looking perspective on the Group's business thanks to the frequency of Board meetings and the two annual strategic seminars they attend. Lastly, Board members were keen to hold formal discussions without the presence of the management team through dedicated executive sessions conducted annually. The first session was held on 14 March 2019 and included a presentation of the findings of this evaluation.

The next evaluation will be conducted in 2019 by an external consultancy.

4.2.2.5 Specialised Board Committees

The Board of Directors has four Specialised Committees: the Audit Committee, the Compensation and Appointments Committee, the Investment Committee and the Ethics, Quality and CSR Committee.

The members of these Committees are appointed by the Board, by a simple majority vote, on the recommendation of the Compensation and Appointments Committee. The Committees' composition was approved by the Board of Directors meeting of 22 June 2017 and did not change in 2018. The Ethics and Quality Committee's authority was extended to CSR issues at the Board of Directors' 14 March 2019 meeting, on the recommendation of the Compensation and Appointments Committee meeting on 12 March 2019. This Committee has therefore become the Ethics, Quality and CSR Committee. The current composition of the Committees complies with the applicable laws and the recommendations of the AFEP-MEDEF Code.

A Committee may not operate unless at least half of its members are present. Each member may be represented by another member. Committee decisions require a majority vote of the members present or represented.

The Committees may, after having first informing the Chairman of the Board, commission studies to be conducted by external consultants and paid for by the

Company, with a view to enabling the Board to make informed decisions.

The Audit Committee

Composition of the Audit Committee

At the date of this Report, the Audit Committee was composed of:

- Chairwoman: Mrs Catherine Soubie (independent Director)
- Members:
  - Mr Jean-Pierre Duprieu (independent Director)
  - Dr Markus Müschenich (independent Director)
  - Mrs Elisabeth T. Stheeman (independent Director)
  - Predica (represented by Mrs Françoise Debrus)
  - Investissements PSP (represented by Mr Alexandre Gagnon-Kugler)

Key indicators

	2018
Number of meetings	8
Average attendance rate	81.2%
Number of Directors	6
Percentage of independent Directors	66.7%

Attendance of the Audit Committee's members

Member attendance rates at Audit Committee meetings	Number of meetings in 2018	Average attendance rate in 2018
Catherine Soubie (Chairwoman)	8/8	100%
Jean-Pierre Duprieu	6/8	75% (1)
Investissements PSP (represented by Alexandre Gagnon-Kugler (2))	3/8	37.5% (3)
Markus Müschenich	8/8	100%
Predica (represented by Françoise Debrus)	8/8	100%
Elisabeth T. Stheeman	6/8	75%

(1) Due to a scheduling conflict, Mr Jean-Pierre Duprieu could not attend two Committee conference calls organised to review the press releases announcing the Group's quarterly results (23 July and 23 Octobre). However, he sent his comments on the draft press releases before the conference calls.
(2) Pursuant to notice given by Investissements PSP on 29 August 2018, Mr Alexandre Gagnon-Kugler has replaced Mrs Anik Lanthier as permanent representative to the Board of Directors.
(3) Mrs Anik Lanthier, a member of Investissements PSP's Management team and Senior Vice President Public Markets and Absolute Return Strategies, was appointed on 12 December 2017 to replace Mr Bichut. Due to legitimate internal reasons, and in accordance with the Board of Directors' Internal Regulations, she was unable to attend meetings of the Audit Committee. Mrs Anik Lanthier was replaced on 29 August 2018 by a member of her team, Mr Alexandre Gagnon-Kugler. The latter has since attended Audit Committee meetings.

The Audit Committee includes no Executive Corporate Officers, is chaired by an independent Director whose appointment was proposed by the Compensation and Appointments Committee, and two-thirds of its members are independent Directors who, given their past and/or current positions and financial or accounting expertise, are able to perform their duties. It therefore complies with the provisions of article L. 823-19 of the French Commercial Code, the recommendations of article 15.1 of the AFEP-MEDEF Code and article 4.1 of the Board of Directors' Internal Regulations. The Group Chief Internal Audit and Control Officer also regularly attends Committee meetings.

Duties of the Audit Committee

The Audit Committee's duties include in particular:

- reviewing the Group's accounting methods and asset measurement procedures, the drafts of the Company's individual and consolidated financial statements before they are presented to the Board and the consolidation scope (and the reasons for not including certain companies if applicable);
- ensuring that rules are adopted for rotating firms and key signatory partners in accordance with the law, in particular by supervising the procedure for selecting the Company's statutory auditors and submitting to the Board the results of this selection procedure, monitoring the performance of the statutory auditors' duties and reviewing H3C's observations;

- providing management control and verifying the information that will be provided to shareholders and the market and ensuring it is clear; and
- reviewing risk levels and risk prevention procedures, as well as significant off-balance sheet commitments. The Audit Committee also ensures that the statutory auditors comply with the rules governing their independence, in particular by examining the risks to their independence and the safeguard measures taken to mitigate such risks, approving services other than the authorised certification of accounts that are performed by the Company's statutory auditors, and ensuring that the amount of fees paid by the Company and its Group, or the contribution thereof to the revenue of the firms and networks, is unlikely to undermine the statutory auditors' independence. The Audit Committee must be informed of the Company's financial position, cash position and commitments and must report these to the Board.

Within the scope of these powers, it interviews, in the absence of the management if the Committee wishes, the statutory auditors and the Finance, Accounting and Treasury Directors, and may consult outside experts whenever necessary.

As part of its remit of monitoring the efficiency of internal control and risk management systems, the Audit Committee interviews the internal audit and risk management managers. It is kept up to date on the internal audit programme and receives internal audit reports.

In connection with their duties in reviewing the financial statements, the statutory auditors submit to the Audit Committee the main points of the statutory audit, in particular, the audit adjustments and significant internal control weaknesses identified during the audit and the accounting options used, as well as the various points to be monitored in respect of closings. To assist in the performance of these duties, the Chief Financial Officer also makes a presentation describing the Company's exposure to risks and significant off-balance sheet commitments.

The time allowed for reviewing financial statements is sufficient and consistent with the recommendation of article 15.3 of the AFEP-MEDEF Code.

The Audit Committee reports on its work to the Board of Directors, provides any appropriate opinions and/or suggestions to the Board and brings to its attention any issues that require a Board decision.

Main work of the Audit Committee

During the past year, the Audit Committee performed all the work incumbent on it in connection with its duties, in particular in the following areas:

- **The Company's results:**
  - reviewing the 2017 annual individual and consolidated financial statements and the management report (including the CSR report),
  - reviewing the financial statements and the half-yearly financial report,
  - reviewing draft financial disclosures,
  - reviewing the schedule of financial disclosures and closed periods;
- **Internal control and risk management:**
  - reviewing the map of the risks to which the Company is exposed,
  - reviewing the measures required by the law with respect to compliance and personal data protection and monitoring their implementation;
- **Audits and relations with external auditors:**
  - reviewing the annual audit plan,
  - approving services other than the authorised certification of accounts;
- **Financial management of the Company:**
  - reviewing the 2019 budget,
  - reviewing financing transaction proposals,
  - reviewing the annual amount of guarantees, pledges and security interests, as well as of off-balance sheet commitments.

The Audit Committee approved 15 services [(1)] other than the certification of accounts by the statutory auditors in 2018 for a total amount of around €296,000.

The Compensation and Appointments Committee

Composition of the Compensation and Appointments Committee

At the date of this Report, the Compensation and Appointments Committee was composed of:

- Chairman: Mr Jean-Pierre Duprieu (independent Director)
- Members:
  - Mrs Catherine Soubie (independent Director)
  - Predica (represented by Mrs Françoise Debrus)

(1) Other than the duties performed by statutory auditors pursuant to a French or European law.

Key indicators

	2018
Number of meetings	5
Average attendance rate	100%
Number of Directors	3
Percentage of independent Directors	66.7%

Attendance of the Compensation and Appointments Committee's members

Member attendance rates at Compensation and Appointments Committee meetings	Number of meetings in 2018	Average attendance rate in 2018
Jean-Pierre Duprieu (Chairman)	5/5	100%
Predica (represented by Mrs Françoise Debrus)	5/5	100%
Catherine Soubie	5/5	100%

The Committee does not include any Executive Corporate Officers, is chaired by an independent Director and is composed primarily (two-thirds) of independent members. Its composition therefore complies with the recommendations of the AFEP-MEDEF Code (with the exception of the recommendation on the appointment of the Director representing employees as a member of this Committee [1]) as well as article 3.1 of the Board's Internal Regulations. In accordance with articles 16.3 and 17.2 of the AFEP-MEDEF Code, the Chief Executive Officer participates in the work of the Compensation and Appointments Committee, in particular on issues in relation to the compensation policy for key executives who are not Corporate Officers. The Chairman of the Board of Directors, Mr Christian Chautard, attends the Committee's meetings but is not a member.

Powers of the Compensation and Appointments Committee

The Compensation and Appointments Committee is responsible for:

- proposing independent Director and Committee member candidates;
- providing an opinion on proposals for the appointments of the Chief Executive Officer;
- submitting proposals to the Board of Directors on the compensation of Executive Corporate Officers, the allocation of Directors' fees, stock option plans, bonus share awards and other plans for the benefit of Group employees and/or Executive Corporate Officers, as well as on the rules for such plans and the implementation thereof;
- making recommendations to improve the governance of the Board.

It also periodically evaluates how effectively the Board of Directors functions and establishes a succession plan for the Executive Corporate Officers.

Main work of the Compensation and Appointments Committee

The Compensation and Appointments Committee performed all the work incumbent on it in connection with its duties, in particular reflecting on:

- changes in the governance and composition of committees;
- the compensation of Executive Corporate Officers;
- the incentive plans for certain employees and members of the General Management;
- the Group's policy on high-potential and talented employees;
- the well-being at work policy;
- the evaluation of the Board of Directors;
- independent Director classification criteria; as well as
- reflecting on a succession plan for the Executive Corporate Officers with a view to its implementation.

Succession plan

In accordance with the recommendation of article 16.2.2 of the AFEP-MEDEF Code, the Compensation and Appointments Committee ensures the preparation of a succession plan for the Company's management bodies. The Committee endeavours, through its work and discussions (carried out in the absence of the Executive Corporate Officers) to define a plan able to ensure continuity of power and appropriate to the Company's strategy.

(1) However, the Board's Internal Regulations provide for the possibility of inviting the Director representing employees to attend Committee meetings in a non-voting capacity.

The Investment Committee

Composition of the Investment Committee

At the date of this Report, the Investment Committee was composed of:

- Chairman: Mr Jérôme Grivet
- Members:
  - Investissements PSP (represented by Mr Alexandre Gagnon-Kugler)
  - Malakoff Médéric Assurances (represented by Mrs Anne Ramon)
  - Mr Christian Chautard

Key indicators

	2018
Number of meetings	5
Average attendance rate	85%
Number of Directors	4
Percentage of independent Directors	0%

Attendance of the members of the Investment Committee

Member attendance rates at Investment Committee meetings	Number of meetings in 2018	Average attendance rate in 2018
Jérôme Grivet (Chairman)	5/5	100%
Christian Chautard	5/5	100%
Investissements PSP (represented by Alexandre Gagnon-Kugler) (1)	3/5	60% (2)
Malakoff Médéric Assurances (represented by Anne Ramon) (3)	4/5	80%

(1) Pursuant to notice given by Investissements PSP on 29 August 2018, Mr Alexandre Gagnon-Kugler has replaced Mrs Anik Lanthier as Investissements PSP's permanent representative to the Board of Directors.
(2) Mrs Anik Lanthier, a member of Investissements PSP's Management team and Senior Vice President Public Markets and Absolute Return Strategies, was appointed on 12 December 2017 to replace Mr Bichut. Due to legitimate internal reasons, and in accordance with the Board of Directors' internal regulations, she was unable to attend meetings of Korian's Board of Directors. Mrs Anik Lanthier was replaced on 29 August 2018 by a member of her team, Mr Alexandre Gagnon-Kugler. The latter has since attended Investment Committee meetings.
(3) Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon replaced Mr Hugues du Jeu as permanent representative of Malakoff Médéric Assurances to the Board of Directors.

Powers of the Investment Committee

The Investment Committee is responsible for:

- reviewing the investment strategy and the annual investment budget;
- monitoring investment opportunities and the competition; and
- expressing an opinion to enable the Board of Directors to make a decision on any investment, acquisition, divestment or disposal made directly or indirectly by the Company if (a) the relevant transaction is for an amount over €15 million or (b) the proposed transaction (i) is not within the medico-social or health fields or (ii) concerns an investment that would not confer control on the Company, directly or through a controlled company.

Main work of the Investment Committee

The Investment Committee performed all the work incumbent on it in connection with its duties, in particular reviewing various development projects, the Group's growth outlook, investment projects in the various countries and the real estate portfolio.

Ethics, Quality and CSR Committee [1]

Composition of the Ethics, Quality and CSR Committee

At the date of this Report, the Ethics, Quality and CSR Committee is composed of:

- Chairwoman: Mrs Anne Lalou (independent Director)
- Members:
  - Dr Markus Müschenich (independent Director)
  - Malakoff Médéric Assurance (represented by Mrs Anne Ramon)
  - Mrs Hafida Cola (Director representing employees)

Key indicators

	2018
Number of meetings	3
Average attendance rate	75%
Number of Directors	4
Percentage of independent Directors [1]	66.7%

(1) Mrs Hafida Cola, the Director representing employees, is not included in the calculation of the percentage of independent Directors.

Attendance of the members of the Ethics, Quality and CSR Committee

Member attendance rates at Ethics, Quality and CSR Committee meetings	Number of meetings in 2018	Average attendance rate in 2018
Anne Lalou (Chairwoman)	3/3	100%
Markus Müschenich	3/3	100%
Malakoff Méderic Assurances (represented by Mrs Anne Ramon) [1]	1/3	33.3% [2]
Hafida Cola (Director representing employees)	2/3	66.7% [3]

(1) Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon has replaced Mr Hugues du Jeu as permanent representative of Malakoff Médéric Assurances to the Board of Directors.
(2) Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon has replaced Mr Hugues du Jeu as permanent representative of Malakoff Médéric Assurances to the Board of Directors.
(3) Mrs Hafida Cola could not attend the 13 March 2018 Committee meeting, as she was on long-term sick leave.

Powers of the Ethics, Quality and CSR Committee

The Ethics, Quality and CSR Committee is responsible for:

- validating and monitoring implementation of the Group's ethics and quality programme;
- evaluating crisis management and crisis reporting procedures and monitoring how serious events are handled;
- validating the mapping of risks directly associated with Group businesses, as consolidated by Internal Audit, as well as the quality approach in Group subsidiaries;
- reviewing the conclusions of quality audits conducted in subsidiaries so as to assess the level of control of quality procedures within the Group; and making proposals to the Board on improvements or the implementation of specific additional quality control procedures;
- reviewing, at least annually, the Corporate Social Responsibility (CSR) actions taken and their results.

Main work of the Ethics, Quality and CSR Committee

The Ethics, Quality and CSR Committee performed all the work incumbent on it in connection with its duties, in particular monitoring the implementation of the ethics, medical and quality programme, managing quality and risks, and monitoring the Group's Key Performance Indicators (KPIs).

(1) At its 14 March 2019 meeting, the Board of Directors decided to expand the powers of the Ethics and Quality Committee and to transform it into an Ethics, Quality and CSR Committee.

4.2.3 / INFORMATION ON CONFLICT OF INTEREST ISSUES

4.2.3.1 Transactions carried out in 2018 in Korian securities and/or financial instruments by persons with executive responsibilities and closely related persons

To the Company's knowledge, only the following transactions were carried out in the 2018 financial year by corporate officers and individuals closely linked to the Company, under the terms of article L. 621-18-2 of the French Monetary and Financial Code:

Surname, first name/company name	Position	Type of transaction	Financial instrument	Date	Price *(in euros)*	Volume
Transactions in securities carried out by each executive						
Predica	Director	Acquisition (1)	Shares	16.07.2018	26.9000	414,577.00
Transactions in securities carried out by closely related persons						
Mr Philippe Garin	Group Chief Financial Officer	Acquisition	Shares	04.07.2018	29.2609998	4,821.00

(1) Obtained by exercising the option to receive dividends in the form of shares.

4.2.3.2 Conflicts of interest – Family ties

The Board of Directors' Internal Regulations establishes a general procedure for managing potential conflicts of interest (article 1.6.4), which aims to prevent the occurrence of such conflicts ahead of time, as from the time the agenda for Board and/or Committee meetings is made public. Each person who takes part in the Board's work (Director or permanent representative of a legal entity Director) is required to do their utmost to determine in good faith whether a conflict of interest exists, and to inform the Board as soon as they become aware of any situation that could constitute a conflict of interests between, on the one hand, themselves or the company for which they are the permanent representative, or any company of which they are an employee or Corporate Officer, or any company within the same group and, on the other hand, the Company or any company within the same Group. This procedure is intended to apply to any transactions that the Company or any company within the same Group plans or initiates in which a Director, or a company of which a Director is an employee or Corporate Officer (as well as any company within the same group), has competing or opposing interests to the interests of the Company or any company within the same Group. In such a case, the Board must be informed of this situation prior to any deliberations by the Director in question (or the permanent representative of the legal entity Director), who must not participate in the discussions and deliberations of the Board (or any other Committee) in relation to such a transaction if their participation is likely to have an impact on the confidentiality or success of the transaction and, more broadly, in order to respect a strict duty of confidentiality.

In addition, the Company's Internal Regulations establish a procedure for preventing conflicts of interest that applies specifically to the presentation of any investment projects submitted to the Board or the Investment Committee to be carried out by the Company (article 1.8 of the Internal Regulations), and a procedure for an annual review by the Audit Committee of significant transactions in which a conflict of interest could have occurred (article 4.4 of the Internal Regulations).

To the Company's knowledge, at the date of this registration document, there are no known or potential conflicts of interest between the duties the members of the management bodies owe to the Company and their private interests and/or any other duties that have triggered the conflict of interest procedure provided for under the Board of Directors' Internal Regulations, described above.

To the Company's knowledge, at the date of this registration document:

- the Corporate Officers have not accepted any restrictions on the disposal of their interest in the Company's share capital;
- the Corporate Officers have not entered into any agreements that would enable a major shareholder, client or supplier to be selected as a member of an administrative, management or supervisory body;
- there are no family ties between members of the Board of Directors;
- none of the members of the Board of Directors has been convicted for fraud within the last five years;
- none of the members of the Board of Directors has been involved in a bankruptcy, receivership or liquidation within the last five years;
- none of the members of the Board of Directors has been charged with an offence or publicly sanctioned by a statutory or regulatory authority; and
- none of the members of the Board of Directors has been prohibited by a court within the last five years from acting as a member of the administrative, management or supervisory body of an issuer, or from involvement in managing or conducting the business affairs of an issuer.

4.2.3.3 Agreements within the scope of article L. 225-37-4 2° of the French Commercial Code entered into in 2018

None.

4.2.3.4 Agreements within the scope of article L. 225-37-4 2° of the French Commercial Code authorised since the end of the year

In its meeting on 14 March 2019, the Board of Directors authorised, subject to the approval by the Shareholders' Meeting on 6 June 2019, the modification of the terms of the non-compete commitment made to Mrs Sophie Boissard by the Board of Directors on 18 November 2015, with a view to paying the non-compete compensation on a monthly basis over the two-year commitment period.

4.3 COMPENSATION

4.3.1 / COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

In accordance with the French Commercial Code and the recommendations of the AFEP-MEDEF Code, the compensation of Executive Corporate Officers is set by the Board of Directors, on the recommendation of the Compensation and Appointments Committee.

In accordance with Act No. 2016-1691 of 9 December on transparency, fighting corruption and the modernisation of economic life (the "**Sapin 2 Act**"), the individual compensation paid or awarded to each Executive Corporate Officer in 2018 will be put to a vote, for each executive, at the Company's Annual General Meeting to be held on 6 June 2019. Pursuant to article L. 225-100 of the French Commercial Code, the payment of variable or extraordinary components of compensation is conditional on approval by the same General Meeting.

The 2019 compensation policy for Executive Corporate Officers set out below will also be put to a vote at the General Meeting of 6 June 2019, pursuant to the provisions of article L. 225-37-2 of the French Commercial Code. This policy complies with the recommendations of the AFEP-MEDEF Code.

4.3.1.1 Compensation paid or awarded to Executive Corporate Officers in 2018

Compensation of Mrs Sophie Boissard, Chief Executive Officer

The compensation and benefits of any kind paid or awarded to the Chief Executive Officer in 2018, which is broken down below, is in accordance with the compensation policy approved by shareholders at the General Meeting of 14 June 2018.

Fixed annual compensation

On the recommendation of the Compensation and Appointments Committee, on 18 November 2015, the Board of Directors set the gross fixed annual compensation of Mrs Sophie Boissard at €450,000, paid on a monthly basis.

Variable annual compensation

At its 18 November 2015 meeting, the Board of Directors decided to set Mrs Sophie Boissard's variable annual compensation at a maximum of 100% of her gross fixed annual compensation, in the event that performance conditions are met, and at a maximum of 120% of her gross fixed annual compensation in the event that these conditions are exceeded, as measured solely on the basis of quantifiable criteria, on the recommendation of the Compensation and Appointments Committee.

For 2018, on the recommendation of the Compensation and Appointments Committee, the Board of Directors, meeting on 13 December 2017, approved the following set of quantifiable and qualitative criteria:

- **quantifiable criteria** (accounting for two-thirds of variable compensation): EBITDA (one-third of variable compensation) and operating cash flow [(1)] (one-third of variable compensation);
- **qualitative criteria** (accounting for 33% of variable compensation):
  - success 2020 plan and management in Germany: completion of integration, the results of the Success 2020 plan and consolidation of the central management team,
  - development and growth: expanding of the project portfolio, acceleration of Korian's growth potential and development of new partnerships,

(1) Understood as cash flow from operations net of financial expense and taxes.

- quality: development of the Korian employer brand, and raising of the standard of care and resident and patient satisfaction based on the *Satisfaktion* 2018 survey,
- real estate: defining and roll-out of an asset management roadmap, increasing of the production capacity of real estate projects and optimisation of the real estate financing strategy.

At its 14 March 2019 meeting, the Board of Directors assessed the meeting of these performance criteria, on the recommendation of the Compensation and Appointments Committee, as follows:

Table summarising the Chief Executive Officer's variable annual compensation (1)

			Minimum	Target	Maximum	Actual (5)
Quantifiable targets 67% of fixed compensation (target performance)	EBITDA (2)	as % of fixed compensation	0%	33%	43%	43%
		Value of the indicator *(in millions of euros)*	432.6	446	459.4	477
	Operating cash flow (3) (4)	as % of fixed compensation	0%	33%	43%	43%
		Value of the indicator *(in millions of euros)*	131.4	146	160.6	191
	Quantifiable total		**0%**	**67%**	**87%**	**87%**
					Achievement	
Qualitative targets 33% of fixed compensation (target performance)	Germany • incorporation and performance of the Success 2020 plan • consolidation of the management team		0%	8%	On target	33%
	Development and growth • expansion of the project portfolio • faster growth potential • development of new partnerships		0%	8%	On target	
	Quality • Korian's employer brand • improvement in the quality of care • satisfaction of residents and patients		0%	8%	On target	
	Real estate • construction of an asset management roadmap • increased production capacity • optimisation of the financing strategy		0%	8%	On target	
	Qualitative total		**0%**	**33%**	**33%**	**33%**
TOTAL VARIABLE COMPONENT *(as % of fixed compensation)*			**0%**	**100%**	**120%**	**120%**

(1) The percentages in this table refer to annual fixed compensation and are rounded to the nearest whole number.
(2) 100% is paid if 2018 EBITDA is at least €446 million (the "**Target EBITDA**").
0% is paid if 2018 EBITDA is less than €432.6 million (97% of the Target EBITDA) (the bonus increases linearly between 97% and 100% of the target).
The bonus is increased to 130% of the base if 2018 EBITDA exceeds €459.4 million (103% of the Target EBITDA) (the bonus increases linearly between 100% and 103% of the target).
(3) 100% is paid if 2018 operating cash flow is equal to €146 million (the "**Target Operating Cash Flow**").
0% is paid if 2018 operating cash flow is less than €131.4 million (90% of the Target Operating Cash Flow) (the bonus increases linearly between 90% and 100% of the target).
The bonus is increased to 130% of the base if 2018 operating cash flow is equal to €160.6 million (110% of the Target Operating Cash Flow) (the bonus increases linearly between 100% and 110% of the target).
(4) Understood as cash flow from operations net of financial expense and taxes.
(5) Payment of annual variable compensation for financial year 2018 is subject to prior approval by the Ordinary General Meeting that is convened to approve the financial statements for the year ended 31 December 2018.

The Board of Directors noted a high achievement rate with respect to the qualitative targets set, reflecting the determination of the Chief Executive Officer and her team to exceed the year's targets and set the stage for the future.

Each of the 4 qualitative targets set for 2018 were equally weighted. All the targets were met and even overtaken: (i) the consolidation drive in Germany was completed, making it possible to beat the targeted performance set out in the Korian 2020 plan, (ii) growth was remarkably robust, with a combination of organic growth and bolt-on acquisitions in both the core business and new types of services, (iii) the Quality programme, including its CSR component, successfully met its objectives; its achievements were reflected in highly encouraging satisfaction surveys and indicators, and lastly (iv) efforts to optimise Korian's real estate assets enabled it to make considerable progress in keeping its key real estate ratios under control.

Maximum achievement rates were attained for each of the performance criteria governing the payment of the 2018 variable compensation, so the Board of Directors has decided to award Mrs Sophie Boissard the amount of €540,000. This amount will be paid to her if and when it is approved by the General Meeting convened to approve the financial statements for the year ended 31 December 2018, which is scheduled to be held on 6 June 2019.

Stock options/performance shares and any other long-term benefits

There were no new award of stock option or performance share in 2018.

Benefits

In addition to her compensation, Mrs Sophie Boissard is covered by the Group "healthcare" and "disability, invalidity and death" plans that have been taken out for the benefit of salaried executives and that are currently in force within the Company, as well as by a civil liability insurance and unemployment insurance policy. However, Mrs Sophie Boissard chose not to accept a Company car in 2018.

Severance pay

On the recommendation of the Compensation and Appointments Committee, on 18 November 2015, the Board of Directors voted to award Mrs Sophie Boissard severance pay in the event of the termination or non-renewal of her corporate office due to a change in strategy or control, the main characteristics of which are described in the summary table below.

In accordance with article L. 225-42-1 of the French Commercial Code, this severance pay for the Chief Executive Officer was approved through the adoption of the ninth resolution by the General Meeting of the Company's shareholders on 23 June 2016.

Non-compete compensation

On the recommendation of the Compensation and Appointments Committee, on 18 November 2015, the Board of Directors voted to impose a non-compete clause on Mrs Sophie Boissard, the main characteristics of which are described in the summary table below.

In accordance with article L. 225-42-1 of the French Commercial Code, this non-compete clause was approved through the adoption of the ninth resolution by the General Meeting of the Company's shareholders on 23 June 2016.

SUMMARY OF THE COMPONENTS OF COMPENSATION PAID OR AWARDED TO MRS SOPHIE BOISSARD, THE CHIEF EXECUTIVE OFFICER FROM 1 JANUARY TO 31 DECEMBER 2018, SUBJECT TO A VOTE OF THE SHAREHOLDERS

Compensation components paid or awarded in relation to the 2018 financial year	Amounts or accounting value submitted to a vote	Presentation
Fixed annual compensation	€450,000 (amount paid)	At its 18 November 2015 meeting, the Board of Directors decided to set the gross annual compensation payable to Mrs Sophie Boissard in relation to her office as Chief Executive Officer at €450,000, on the recommendation of the Compensation and Appointments Committee. Accordingly, Mrs Sophie Boissard received gross compensation of €450,000 for the period between 1 January and 31 December 2018.
Variable annual compensation	€540,000 subject to the approval by the AGM convened to vote on the financial statements for the year ended 31 December 2018	At its 18 November 2015 meeting, the Board of Directors decided to set Mrs Sophie Boissard's variable annual compensation at a maximum of 100% of her gross fixed annual compensation, in the event that performance conditions are met, and at a maximum of 120% of her gross fixed annual compensation in the event that these conditions are exceeded, as measured solely on the basis of quantifiable criteria, on the recommendation of the Compensation and Appointments Committee. For 2018, the Board of Directors, meeting on 13 December 2017, approved the following set of quantifiable and qualitative criteria, on the recommendation of the Compensation and Appointments Committee: • quantifiable criteria (accounting for two-thirds of variable compensation): EBITDA (one-third of variable compensation) and operating cash flow (1) (one-third of variable compensation); • qualitative criteria (accounting for 33% of variable compensation): – success 2020 plan and management in Germany: completion of integration, the results of the Success 2020 plan and consolidation of the central management team, – development and growth: expanding of the project portfolio, acceleration of Korian's growth potential and development of new partnerships, – quality: development of the Korian employer brand, and raising of the standard of care and resident and patient satisfaction based on the *Satisfaktion* 2018 survey, – real estate: defining and roll-out of an asset management roadmap, increasing of the production capacity of real estate projects and optimisation of the real estate financing strategy. At its 14 March 2019 meeting, the Board of Directors assessed the achievement of these performance criteria as set out in the summary table on the Chief Executive Officer's annual variable compensation on page 136, on the recommendation of the Compensation and Appointments Committee.

(1) Understood as cash flow from operations net of financial expenses and taxes.

Compensation components paid or awarded in relation to the 2018 financial year	Amounts or accounting value submitted to a vote	Presentation
Variable multi-annual compensation	N/A	Mrs Sophie Boissard did not receive any variable multi-annual compensation.
Extraordinary compensation	N/A	Mrs Sophie Boissard did not receive any extraordinary compensation.
Stock options, performance shares and any other long-term benefits	N/A	Mrs Sophie Boissard did not benefit from any new awards of stock options or performance shares in 2018.
Attendance fees	N/A	Mrs Sophie Boissard did not receive any attendance fees.
Value of benefits of all types	€12,516	As Mrs Sophie Boissard did not wish to be provided with a Company car in 2018, the benefits in kind (accounting value) consist of the payment of unemployment insurance contributions to an external organisation.
Severance pay	No payment	**Principle** At its 18 November 2015 meeting, the Board of Directors decided to grant severance pay to Mrs Sophie Boissard, on the recommendation of the Compensation and Appointments Committee, in the event that her corporate office is terminated or not renewed as the result of a change in strategy or control, except in the event of gross negligence or wilful misconduct. This payment would be conditional on performance criteria, and its amount would be equivalent to the Reference Annual Compensation (as it is defined below) plus 25% for each year of service, although it cannot exceed 200% of the Reference Annual Compensation, after deducting any amount payable in relation to the non-compete compensation mentioned below, if the Company has not waived the benefit of this compensation. **Reference compensation** The Reference Annual Compensation refers to the gross fixed and variable annual compensation received for the last 12 months prior to the date when Mrs Sophie Boissard's office was terminated or not renewed, and excludes any compensation received under medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her on a one-off and discretionary basis by the Board of Directors, if applicable. **Circumstances of forced departure** A change of strategy is defined as a change in the Company's strategy that is the subject of the last financial communication approved by the Chief Executive Officer, or a significant transaction for the Group that does not fall within the scope of the last medium-term plan approved by the Board of Directors in agreement with the Chief Executive Officer. A change of control is defined as an acquisition of a significant interest in the Company, accompanied by the appointment of a number of Directors that is likely to have a decisive influence on the Board of Directors' decisions. **Performance conditions** At its 23 March 2016 meeting, the Board of Directors determined the performance conditions for this severance payment (1) as follows, on the recommendation of the Compensation and Appointments Committee: In the event of termination (except for gross negligence or wilful misconduct) due to a change of strategy or control on or after the 2018 closing date, performance will be measured according to the average rate of achievement of the objectives used to calculate the variable component of Mrs Sophie Boissard's annual compensation for the three financial years preceding her departure, as follows: • the rate of achievement of the objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure is less than 40%: no severance pay will be owed; • the rate of achievement of the objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure is between 40% and 60%: severance pay equal to 50% of the Reference Annual Compensation will be owed; • the rate of achievement of the objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure is between 60% and 100%: severance pay equal to 100% of the Reference Annual Compensation will be owed. In accordance with article L. 225-42-1 of the French Commercial Code, this severance pay for the Chief Executive Officer was approved through the adoption of the ninth resolution by the General Meeting of the Company's shareholders on 23 June 2016.

(1) The severance payment arrangements that would have applied in the event of termination prior to 31 March 2019 are set out in the 2017 registration document, which was filed with the French Financial Markets Authority on 26 April 2018 under No. D.18-0411.

Compensation components paid or awarded in relation to the 2018 financial year	Amounts or accounting value submitted to a vote	Presentation
Non-compete compensation	No payment	At its 18 November 2015 meeting, the Board of Directors decided to impose a non-compete commitment on Mrs Sophie Boissard, on the recommendation of the Compensation and Appointments Committee, to prohibit her from holding any corporate office or executive position of any kind or providing any advisory services, for a period of two years as from the termination of her duties, for any business or company that is in competition with the Company and that specialises in long- and medium-term stays, including long-term care nursing homes and assisted living facilities, in all the countries in which Korian has business interests at the time of the clause's enforcement. In return, Mrs Sophie Boissard will receive non-compete compensation equal to 50% of her gross fixed annual compensation for the 12 months prior to the event that triggered her departure (date of notice of her resignation from the Company, or date when her office was terminated or not renewed by the Board) (hereinafter the "Date of Termination"), which may be combined with her severance pay if applicable, although the aggregate of the two compensation amounts cannot exceed two years of her fixed and variable annual compensation (in such a case the severance pay would be reduced accordingly), on the understanding that any compensation received in relation to the medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her on a one-off and discretionary basis by the Board of Directors are not components of fixed and variable annual compensation, and are not included in the calculation base for non-compete compensation. The Company may waive the benefit of this compensation no later than 15 days after the Date of Termination. In accordance with article L. 225-42-1 of the French Commercial Code, this non-compete compensation was approved through the adoption of the ninth resolution by the General Meeting of the Company's shareholders on 23 June 2016.
Group personal protection insurance and medical expenses plan	Yes	Mrs Sophie Boissard was covered by social security protection schemes equivalent to those for salaried executives (illness and personal protection insurance).
Supplementary pension plan	N/A	Mrs Sophie Boissard did not benefit from a supplementary pension plan.

Compensation of Mr Christian Chautard, Chairman of the Board of Directors from 1 January to 31 December 2018

The compensation paid or awarded to the Chairman of the Board of Directors in 2018, which is broken down below, is in accordance with the compensation policy approved by shareholders at the General Meeting of 14 June 2018.

Fixed annual compensation

At its 22 June 2017 meeting, the Board of Directors decided to set Mr Christian Chautard's gross fixed annual compensation for his office as Chairman of the Board at €345,000, on the recommendation of the Compensation and Appointments Committee. This compensation remains unchanged from the amount set on 25 March 2015 (1).

Attendance fees

The Board decided not to pay Mr Christian Chautard attendance fees for his term of office, in accordance with his wishes as expressed at the Board of Directors' meeting held on 22 June 2017.

(1) On the understanding that, on the recommendation of the Compensation and Appointments Committee, at its 18 November 2015 meeting, the Board of Directors increased Mr Christian Chautard's gross fixed annual compensation to €450,000 for the performance of his duties as Chairman and Chief Executive Officer, prorated over the interim period that followed the dismissal of Mr Yann Coléou, *i.e.* from 18 November 2015 to 26 January 2016.

SUMMARY OF THE COMPONENTS OF COMPENSATION PAID OR AWARDED TO MR CHRISTIAN CHAUTARD, CHAIRMAN OF THE BOARD OF DIRECTORS FROM 1 JANUARY TO 31 DECEMBER 2018, SUBJECT TO A VOTE OF THE SHAREHOLDERS

Components of compensation paid or granted in the 2018 financial year	Amounts	Comments
Fixed annual compensation	€345,000	At its 25 March 2015 meeting, the Board of Directors decided to set Mr Christian Chautard's gross fixed annual compensation for his office as Chairman of the Board at €345,000, on the recommendation of the Compensation and Appointments Committee(1). At its 22 June 2017 meeting, the Board of Directors renewed Mr Christian Chautard's office as Chairman of the Board, and once again set his gross fixed annual compensation at €345,000.
Variable annual compensation	N/A	Mr Christian Chautard did not receive any variable annual compensation.
Variable multi-annual compensation	N/A	Mr Christian Chautard did not receive any variable multi-annual compensation.
Extraordinary compensation	N/A	Mr Christian Chautard did not receive any extraordinary compensation.
Stock options, performance shares and any other long-term benefits	N/A	Mr Christian Chautard is not entitled to stock options or performance shares, or to any other long-term benefits.
Attendance fees	N/A	In accordance with Mr Chautard's request at the Board of Directors' meeting of 22 June 2017, the Board has decided not to pay him attendance fees for his term of office.
Value of benefits of all types	N/A	Mr Christian Chautard did not receive any benefits in kind.
Severance pay	N/A	No severance pay has been agreed for Mr Christian Chautard.
Non-compete compensation	N/A	No commitment has been made to pay non-compete compensation.
Group personal protection insurance and medical expenses plan	N/A	Mr Christian Chautard is not covered by any social security plans.
Supplementary pension plan	N/A	Mr Christian Chautard does not benefit from a supplementary pension plan.

(1) On the understanding that, on the recommendation of the Compensation and Appointments Committee, at its 18 November 2015 meeting, the Board of Directors increased Mr Christian Chautard's gross fixed annual compensation to €450,000 for the performance of his duties as Chairman and Chief Executive Officer, prorated over the interim period that followed the dismissal of Mr Yann Coléou, *i.e.* from 18 November 2015 to 26 January 2016.

SUMMARY OF THE EXECUTIVE CORPORATE OFFICERS' COMPENSATION FOR 2018

Table summarising the compensation, stock options and shares awarded to each Executive Corporate Officer

(Table 1 according to the recommendations of the AFEP-MEDEF Code)

	2017	2018
Sophie Boissard, Chief Executive Officer since 26 January 2016		
Compensation owed for the financial year (1)	€883,729	€1,002,516 (2)
Value of long-term compensation plans (3)	€842,058 (4)	N/A
TOTAL	**€1,725,787**	**€1,002,516**
Christian Chautard, Chairman of the Board of Directors since 26 January 2016		
Compensation owed for the financial year (1)	€345,000	€345,000
Value of long-term compensation plans	-	-
TOTAL	**€345,000**	**€345,000**

(1) The compensation paid to the Executive Corporate Officers is broken down in Table 2.
(2) Note that the payment of variable annual compensation is subject to the approval of shareholders at the General Meeting of 6 June 2019.
(3) This compensation is described on page 130 of the 2017 registration document filed with the AMF on 26 April 2018 under number D.18-0411.
(4) This is the amount of the Performance Shares awarded for the three-year period from 2017 to 2019. There was no new award in 2018, and no new awards are planned for 2019. This is the value estimated on the award date, *i.e.* 4 August 2017.

Table summarising the compensation of the Executive Corporate Officers

(Table 2 according to the recommendation of the AFEP-MEDEF Code)

	2017 financial year		2018 financial year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid (1)
Sophie Boissard, Chief Executive Officer since 26 January 2016				
Fixed annual compensation	€450,000	€450,000	€450,000	€450,000
Variable annual compensation (2)	€427,500	€483,000	€540,000 (2)	€427,500
Extraordinary compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (3)	€6,229	€6,229	€12,516	€12,516
TOTAL	**€883,729**	**€939,229**	**€1,002,516**	**€890,016**
Christian Chautard, Chairman of the Board since 26 January 2016				
Fixed annual compensation	€345,000	€345,000	€345,000	€345,000
Variable annual compensation	-	-	-	-
Extraordinary compensation	-	-	-	
Attendance fees (4)	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**€345,000**	**€345,000**	**€345,000**	**€345,000**

(1) Except for the other compensation shown in this table, variable annual compensation is paid for the previous financial year.
(2) The criteria used to calculate the components of the Chief Executive Officer's variable annual compensation and any related circumstances concerning the justification for payment, vesting criteria or calculation procedures, are set out on pages 135 to 137 of this registration document. Note that the payment of variable annual compensation is subject to the approval of shareholders at the General Meeting of 6 June 2019.
(3) This is the amount paid to an external organisation for the unemployment insurance the Company took out on behalf of Mrs Sophie Boissard.
(4) In accordance with Mr Chautard's request at the Board of Directors' meeting of 22 June 2017, he will not receive any attendance fees for his term of office.

The table below presents the elements of information required by the recommendations of the AFEP-MEDEF Code about the existence as far as Executive Corporate Officers are concerned, (i) of an employment contract in addition to the corporate office held, (ii) supplementary pension plans, (iii) commitments by the Company in respect of benefits or payments owed or likely to be owed in the event of the termination of, or a change in, an Executive Corporate Officer's role, or thereafter, and (iv) non-compete compensation.

Employment contract/corporate office

(Table 11 according to the recommendations of the AFEP-MEDEF Code)

Executive corporate officers	Employment contract	Supplementary pension plan	Termination or change-in-role compensation or benefits	Non-compete compensation
Sophie Boissard, Chief Executive Officer	NO	NO	YES	YES
Christian Chautard, Chairman of the Board	NO	NO	NO	NO

4.3.1.2 2019 Compensation policy for the Executive Corporate Officers

Principles governing the compensation of the Executive Corporate Officers

The principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total compensation and benefits in kind paid to the Executive Corporate Officers are established in accordance with the AFEP-MEDEF Code. The Board of Directors, on the recommendation of the Compensation and Appointments Committee, therefore aims to:

- consider all the components of their compensation in order to make a comprehensive assessment thereof (exhaustiveness principle);
- ensure that each component of their compensation is consistent with the Company's corporate interest (principle of balance between the components of compensation);
- assess their compensation based on the Company's reference market, as well as the responsibilities held, results obtained and work performed (comparability principle);
- determine their compensation in accordance with that of other executives and employees of the Company (consistency principle);
- propose simple, stable and transparent rules. The performance criteria used must correspond to the Company's objectives, and must be demanding and explicit and, where possible, consistent over time (intelligible rules principle);
- strike a fair balance between, and take account of, the Company's corporate interest, market practices and the performance of the executives and other corporate stakeholders in setting the components of compensation (moderation principle).

The compensation policies for the Executive Corporate Officers, as presented in this paragraph 4.3.1.2, apply to Mrs Sophie Boissard, the Chief Executive Officer, and Mr Christian Chautard, the Chairman of the Board of Directors, respectively. In the event of a change, the principles and criteria applied to determine, allocate and award the fixed, variable and extraordinary components of total compensation and the benefits of all kinds granted to new Executive Corporate Officers will be established on a case-by-case basis by the Board of Directors, on the recommendation of the Compensation and Appointments Committee, and in accordance with the AFEP-MEDEF Code, and will be put to a vote by shareholders at the General Meeting.

If the shareholders at the General Meeting to be held on 6 June 2019 do not approve the 7th and 8th resolutions set out below, the principles and criteria previously approved at the General Meeting of 14 June 2018 (7th and 8th resolutions) will continue to apply.

Moreover, Korian's Executive Corporate Officers have never been awarded hiring bonuses (golden hellos) upon joining the Company. Nevertheless, the Board of Directors reserves the right to award a hiring bonus to new Executive Corporate Officers, in an amount to be determined based on the loss they sustain by prematurely leaving their current position.

2019 compensation policy for Mrs Sophie Boissard, Chief Executive Officer

The principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total compensation and the benefits of all kinds payable to the Chief Executive Officer in 2019 were established by the Board of Directors at its 14 March 2019 meeting, on the recommendation of the Compensation and Appointments Committee. These principles and criteria must be approved by the General Meeting convened to vote on the financial statements for the year ended 31 December 2018, which is scheduled for 6 June 2019. These principles have not been changed since 2017, except with respect to the payment on a monthly basis of the non-compete compensation that would be due to the Chief Executive Officer in the event of her departure.

Fixed annual compensation

Mrs Sophie Boissard receives gross fixed annual compensation of €450,000, which is paid monthly. This fixed annual compensation has not changed since she took office on 26 January 2016, and will be periodically reviewed based on market recommendations.

Variable annual compensation

Mrs Sophie Boissard receives gross variable annual compensation that may amount to a maximum of 100% of her gross fixed annual compensation in the event that performance conditions are achieved, and to a maximum of 120% of her gross fixed annual compensation in the event that these conditions are exceeded.

Quantifiable criteria (EBITDA and operating cash flow [1]) account for two-thirds of the performance conditions, and qualitative criteria account for one-third of the performance conditions.

The maximum variable compensation, the proportion between quantifiable and qualitative criteria, and the nature of the quantifiable criteria have not changed since Mrs Sophie Boissard took office on 26 January 2016. The 2019 quantifiable and qualitative criteria were determined at the Board of Directors' meeting on 5 December 2018, on the recommendation of the Compensation and Appointments Committee, in accordance with the financial objectives and priority projects identified by the Board, which are notably in line with the five-year strategic plan. These objectives and projects also take the CSR aspects into account.

The rate of achievement of the quantifiable and qualitative criteria will only be made public in 2020, once the variable compensation for 2019 has been determined, in order to protect the confidentiality of the Group's strategy. Payment of the 2019 variable compensation components will be conditional on their approval by the General Meeting that will vote on the financial statements for the year ended 31 December 2019, which will be held in 2020.

Extraordinary compensation

There are currently no plans for Mrs Sophie Boissard to receive any extraordinary compensation in 2019. Only very specific circumstances could give rise to extraordinary compensation, in accordance with the recommendations of the AFEP-MEDEF Code, *i.e.*:

- situations that do not fall within the scope of the annual strategic and operating objectives;
- situations that were unforeseeable on the date when the Board set the criteria for determining the gross variable annual compensation;
- situations that affect the Company due to their magnitude, the commitment that they require, and the problems that they pose.

This compensation cannot exceed 100% of Mrs Sophie Boissard's gross fixed annual compensation in any event.

Long-term compensation

Performance units

Pursuant to a proposal made by the Compensation and Appointments Committee, on 14 September 2016 the Board of Directors approved plans to set up a long-term variable compensation mechanism to reward performance as measured against Korian's five-year strategic plan, in particular for Mrs Sophie Boissard in her capacity as Chief Executive Officer. Under this mechanism, which awards performance units, she stands to receive 18,684 performance units.

The number of performance units that will ultimately be granted on 30 June 2019 is subject to three separate performance criteria (each of which confers the right to one-third of the total grant) based on the achievement rate, at 31 December 2018, of the revenue and EBITDA objectives set out in the five-year strategic plan and on Korian's stock performance in comparison with that of the SBF 120 index between 14 September 2016 and 30 June 2019.

The main features of this long-term incentive plan are described on pages 179 and 237 of this registration document.

Gross compensation in the form of performance units granted to Mrs Sophie Boissard may not exceed 100% of her annual gross fixed and variable compensation.

In addition, Mrs Sophie Boissard has made a formal undertaking not to use instruments to hedge her risk with respect to this grant.

(1) Understood as cash flow from operations net of financial expenses and taxes.

Performance Shares

On 18 July 2017, Korian's Board of Directors decided to award the Korian group's Chief Executive Officer and management team performance shares, on 4 August 2017, as a performance bonus relating to the execution of the Korian 2020 strategic plan ("**Performance Shares**"), in line with the authorisation granted under the terms of the 23rd resolution adopted by the General Meeting of shareholders on 22 June 2017, on the recommendation of the Compensation and Appointments Committee.

In accordance with said resolution, the total number of free shares awarded cannot amount to more than 1% of the share capital on the date of the Board of Directors' decision, on the understanding that the award to the Chief Executive Officer cannot amount to more than 0.1% of the share capital on that same date. Accordingly, the Performance Shares awarded to Mrs Sophie Boissard cannot exceed 10% of the total amount of the shares awarded as bonus shares under this authorisation. Mrs Sophie Boissard was therefore awarded 62,459 Performance Shares [(1)] on 18 July 2017, subject to different performance conditions than the performance conditions governing the payment of her variable annual compensation.

The number of Performance Shares that will vest on 4 August 2020 will depend on the rate of achievement of the three independent performance conditions, based on the rate of achievement, which will be reported in 2020, of the (i) Group revenue objective for 2019, compared with the target revenue, in accordance with the Korian 2020 plan (20% of the award); (ii) EBITDA per share objective for 2019, compared with the target EBITDA, in accordance with the Korian 2020 plan (40% of the award); and (iii) the Korian total shareholder return (TSR) [(2)] objective, compared with the TSR generated by the SBF 120 Index between 1 July 2017 and 30 June 2020 (40% of the award).

The main characteristics of this long-term incentive plan are detailed on pages 180 and 237 of this registration document.

In any event, the long-term share-based compensation awarded to the Chief Executive Officer for a given financial year cannot exceed 150% of her maximum fixed and variable compensation payable for the previous financial year.

Benefits

Mrs Sophie Boissard is covered by the Group "healthcare" and "disability, invalidity and death" plans that have been taken out for the benefit of salaried executives and that are currently in force within the Company, as well as civil liability insurance and unemployment insurance. In addition, she is entitled to a Company car, but she chose not to accept this benefit in 2018.

Severance pay

Principle

Mrs Sophie Boissard will receive severance pay in the event of the termination or non-renewal of her corporate office (except for gross negligence or wilful misconduct) due to a change in strategy or control, payment of which will be subject to meeting performance criteria, in an amount equal to her Reference Annual Compensation (as defined below), increased by 25% per year of service, but will not exceed 200% of her Reference Annual Compensation, after deducting any amounts due as non-compete compensation, as described below, if the Company has not waived the non-compete commitment.

Reference compensation

Reference Annual Compensation means the gross fixed and variable annual compensation received for the 12 months prior to the date on which her office is terminated or not renewed, excluding compensation received under the medium or long-term incentive plans granted to the management teams, and the extraordinary compensation that may be awarded to her by the Board of Directors on a one-off and discretionary basis.

Circumstances of forced departure

A change of strategy is defined as a change in the Company's strategy that is the subject of the last financial communication approved by the Chief Executive Officer, or a significant transaction for the Group that does not fall within the scope of the last medium-term plan approved by the Board of Directors in agreement with the Chief Executive Officer.

A change of control is defined as an acquisition of a significant interest in the Company, accompanied by the appointment of a number of Directors that is likely to have a decisive influence on the Board of Directors' decisions.

Performance conditions

The performance conditions for payment of this severance payment have been determined as follows [(3)]:

- in the event of termination (except for gross negligence or wilful misconduct) due to a change of strategy or control between the 2018 closing date, performance will be measured according to the average rate of achievement of the objectives used to calculate the variable component of Mrs Sophie Boissard's annual compensation for the three financial years preceding her departure, as follows:
  - the degree to which the objectives used to calculate the variable component of the annual compensation for the three previous fi nancial years were achieved < 40%: no severance pay will be due,

(1) This award is valid for three years (period between 2017 and 2019), *i.e.* the equivalent of 20,820 shares per year. No new awards are planned for 2018 and 2019.
(2) The TSR is calculated on the basis of the weighted average number of ordinary shares in circulation during the period.
(3) The severance payment arrangements that would have applied in the event of a termination prior to 31 March 2019 are set out in the 2017 registration document, which was filed with the French Financial Markets Authority on 26 April 2018 under No. D.18-0411.

- 40% ≤ the degree to which the objectives used to calculate the variable component of the annual compensation for the three previous financial years were achieved < 60%: severance pay will amount to 50% of the Reference Annual Compensation,
- 60% ≤ the degree to which the objectives used to calculate the variable component of the annual compensation for the three previous financial years were achieved < 100%: severance pay will amount to 100% of the Reference Annual Compensation.

Example

If Mrs Sophie Boissard resigned from her position before the end of 2019, based on her compensation during the last three financial years (2018, 2017 and 2016), she would be entitled to receive €1,507,500.

This severance payment, which was approved in principle by the Board of Directors at its 18 November 2015 meeting, and whose performance criteria were established by the Board of Directors at its 23 March 2016 meeting, has not undergone any changes since then.

In accordance with article L. 225-42-1 of the French Commercial Code, this severance pay for the Chief Executive Officer was approved through the adoption of the ninth resolution by the General Meeting of the Company's shareholders on 23 June 2016.

Non-compete compensation

Mrs Sophie Boissard is bound by a non-compete commitment which prohibits her from holding any corporate office or executive position of any kind or providing any consultancy services, for a period of two years as from the termination of her duties, for any business or company that is in competition with the Company and that specialises in long and medium-stay care homes, including long-term nursing homes and assisted living facilities, in all of the countries in which Korian operates at the time when the clause is enforced.

In consideration, Mrs Sophie Boissard will receive non-compete compensation equivalent to 50% of her gross fixed annual compensation for the 12 months prior to the event that triggered her departure (date of notice of her resignation from the Company, or date when her office was terminated or not renewed by the Board of Directors) (hereinafter the "**Date of Termination**"), which may be combined with her severance pay where applicable, although the aggregate amount of both compensation amounts cannot exceed two years of her fixed and variable annual compensation (in which case the severance pay will be reduced accordingly), on the understanding that the compensation received as part of the medium or long-term incentive plans for the management teams, and any extraordinary compensation that may be awarded on a one-off and discretionary basis by the Board of Directors, are not components of fixed and variable annual compensation and are not included in the basis for calculating non-compete compensation.

In accordance with the recommendations set out in the AFEP-MEDEF Code, the Board of Directors decided on 14 March 2019 to authorise the payment of this non-compete compensation on a monthly basis over the two-year period during which Mrs Sophie Boissard is bound by the non-compete commitment, subject to approval by the 2019 Meeting.

The Company may waive the benefit of the non-compete commitment no later than 15 days from the Date of Termination.

Summary of the benefits granted to the Chief Executive Officer at the end of her term of office

	Voluntary departure/ Termination for wilful negligence or gross misconduct	Non-reappointment/Termination (except for wilful negligence or gross misconduct)	Retirement
Severance pay (1)	No benefits	**Rate of achievement of objectives** (2) **< 40%:** No compensation to be paid **Rate of achievement of objectives** (2) **between ≥ 40% and < 60%:** 50% of gross variable and fixed annual compensation (4) received for the last 12 months × 25% per year of service – Amount to be received as non-compete compensation **Rate of achievement of objectives** (2) **between ≥ 60 and <100%:** 100% of gross variable and fixed annual compensation (4) received for the last 12 months × 25% per year of service – Amount to be received as non-compete compensation	No benefits
Non-compete compensation (1) (3)	50% of the gross fixed annual compensation (4) received for the 12 months preceding the date on which the event triggering the departure occurred	50% of the gross fixed annual compensation (4) received for the 12 months preceding the date on which the event triggering the departure occurred	No benefits
Supplementary pension plan	No benefits	No benefits	No benefits
Performance share plans that have not yet vested (5)	Complete lapsing	Complete lapsing	No benefits

(1) The severance pay, combined, if applicable, with non-compete compensation, cannot exceed twice the Reference Annual Compensation equal to the gross fixed and variable annual compensation received for the last 12 months prior to the date when Mrs Sophie Boissard's office was terminated or not renewed, and excludes any compensation received under medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her by the Board of Directors on a one-off and discretionary basis, if applicable.
(2) The objectives used to calculate the variable component of annual compensation for the three financial years preceding her departure.
(3) The Company may waive the benefit of the compensation no later than 15 days after the Date of Termination (date of notice of resignation from the Company, or date of termination or non-reappointment by the Board). In addition, in its meeting on 14 March 2019, the Board of Directors authorized the monthly payment of Mrs Sophie Boissard's non-compete compensation over a two-year period, subject to the approval by the General Meeting scheduled for 6 June 2019.
(4) Excludes any compensation received under medium or long-term incentive plans granted to the management teams, and any extraordinary compensation that may be awarded to her by the Board of Directors on a one-off and discretionary basis, if applicable.
(5) In accordance with article L.225-197-3 of the French Commercial Code, in the event of death, the inheritors or beneficiaries of the performance share Beneficiary may, if they so desire, request the vesting of all the Korian Shares within six months of the date of death, the performance criteria being deemed to have been fully met. Furthermore, in accordance with article L.225-197-1 of the French Commercial Code, in the event of 2nd or 3rd degree disability within the meaning of article L.341-4 of the French Social Security Code, the Korian shares will be vested from the occurrence of the disability, depending on the extent to which the performance criteria have been met.

Proposed resolution submitted for a vote of the shareholders

7th resolution

(Approval of the principles and criteria for determining, allocating and awarding the components of the compensation payable Mrs Sophie Boissard, in her capacity as the Company's Chief Executive Officer, for the 2019 financial year)

The shareholders convened for the General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having reviewed the Board of Directors' report prepared in accordance with article L. 225-37-2 of the French Commercial Code, approve all of the principles and criteria applied to determine, allocate and award the fixed, variable, and exceptional components of the compensation and benefits of any kind payable to Mrs Sophie Boissard, for her position as the Company's Chief Executive Officer, for the 2019 financial year, as presented (i) in the aforementioned report in paragraph 4.3.1.2 of the Company's 2018 registration document, and (ii) in the notice of meeting brochure.

2019 compensation policy for Mr Christian Chautard, Chairman of the Board of Directors

The principles and criteria for determining, allocating and awarding the fixed, variable and extraordinary compensation components of the total compensation and benefits of all kinds payable to Mr Christian Chautard for 2019 were approved by the Board of Directors at its 14 March 2019 meeting, on the recommendation of the Compensation and Appointments Committee. These principles and criteria must be approved by the General Meeting convened to vote on the financial statements for the year ended 31 December 2018, which is scheduled for 6 June 2019. The 2019 compensation policy for the Chairman of the Board of Directors has not been changed since the 2018 policy.

Fixed annual compensation

Mr Christian Chautard receives gross fixed annual compensation of €345,000, which is paid monthly. This fixed annual compensation has not changed [(1)] since he took office on 25 March 2015, and was confirmed when the Board of Directors renewed his term of office on 22 June 2017.

Extraordinary compensation

Mr Christian Chautard does not receive any extraordinary compensation.

Attendance fees

In accordance with Mr Christian Chautard's request at the Board of Directors' meeting of 22 June 2017, the Board has decided not to pay him attendance fees for his term of office.

Mr Christian Chautard does not benefit from any other compensation components (variable compensation, long-term compensation, benefits, severance pay or non-compete compensation).

Proposed resolution submitted for a vote of the shareholders

8th resolution

(Approval of the principles and criteria for determining, allocating and awarding the components of the compensation payable Mr Christian Chautard, in his capacity as Chairman of the Company's Board of Directors, for the 2019 financial year)

The shareholders convened for the General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having reviewed the Board of Directors' report prepared in accordance with article L. 225-37-2 of the French Commercial Code, approve all of the principles and criteria for determining, allocating and awarding the fixed, variable, and exceptional components of the compensation and benefits of any kind payable to Mr Christian Chautard, for his position as Chairman of the Company's Board of Directors, for financial year 2019, as presented (i) in the aforementioned report in paragraph 4.3.1.2 of the Company's 2018 registration document, and (ii) in the notice of meeting brochure.

4.3.2 / COMPENSATION OF NON-EXECUTIVE CORPORATE OFFICERS

For 2018, a gross amount of €400,000 was paid as attendance fees to the members of the Board of Directors and as compensation for the Board Observer.

The members of the Board are also entitled to the reimbursement, on the production of receipts, of travel expenses incurred in attending Board and Specialised Committee meetings. Directors, other than the Chairman of the Board and the Board Observer, did not receive any other components of compensation for 2018 from the Company.

Article 1.9 of the Board of Directors' Internal Regulations provides for the following allocation of attendance fees:

- out of the total annual amount of attendance fees of €400,000:
  - the sum of €350,000 has been divided among the Directors as a fixed payment and on the basis of their actual attendance at Board and Committee meetings,
  - the balance of €50,000 has been used to pay (i) an additional attendance fee to non-resident independent Directors and (ii) compensation for services rendered by the Board Observer(s);
- the sum of €350,000 has been divided among the Directors according to the following rules with attendance-based variable compensation being the main component:
  - 45% of the above amount of attendance fees has been divided equally among Board members as a fixed payment, the Chairman being entitled to double fees and independent Directors to sextuple fees,
  - 30% of the above amount has been divided among Board members in proportion to the number of Board meetings they attend, the Chairman being entitled to double fees,
  - 25% of the above amount has been divided among the members of the various Committees in proportion to the number of Committee meetings they attend, the Chairman of each Committee being entitled to double fees.

(1) It being reminded that the Board of Directors, in its meeting on 18 November 2015, decided, upon the proposal of the Compensation and Appointments Committee, to set Mr Christian Chautard's gross annual fixed compensation at €450,000, pro-rated according to his service as Chairman and Chief Executive Officer during the interim period that followed the revocation of Mr Yann Coléou, *i.e.* from 18 November 2015 to 26 January 2016.

A Director who takes part in a Board or committee meeting via a telephone conference call will only be entitled to half fees.

If, exceptionally, a Committee meeting is held (i) during a pause in a Board of Directors' meeting, or (ii) immediately before, or (iii) immediately after a Board meeting, compensation will only be paid for the Board of Directors' meeting.

If more than one Board of Directors' meeting is held on the same day, in particular on the day of the Annual General Meeting, Directors' attendance at such meetings will be counted as attendance at one meeting.

The table below shows the attendance fees paid to the Company's Directors for the last two financial years.

Table summarising the attendance fees received by Non-Executive Corporate Officers

(Table 3 according to the recommendations of the AFEP-MEDEF Code)

Non-Executive Corporate Officers	Attendance fees paid for 2017 (1) (2)	Attendance fees paid for 2018 (1)
Christian Chautard	-	-
Jérôme Grivet	€26,967	€26,322
Predica	€22,035	€26,608
Investissements PSP	€21,786	€11,888
Malakoff Médéric Assurances	€21,583	€18,017
Jean-Pierre Duprieu	€45,247	€57,813
Martin Hoyos (3)	€34,600	-
Anne Lalou	€37,514	€46,360
Catherine Soubie	€43,847	€64,684
Elisabeth T. Stheeman (4)	€32,569	€54,793
Markus Müschenich (4)	€34,996	€56,969
Hafida Cola	€12,202	€11,545
Guy de Panafieu (5)	€45,065 (6)	€25,000
TOTAL	**€378,411**	**€400,000**

(1) Gross amount.
(2) Note that the Board of Directors, meeting on 22 June 2017, changed the allocation of the total attendance fee amount between the Directors and the Board Observer. The provisions for calculating attendance fees in effect before 22 June 2017 are described on page 113 of the 2016 registration document filed with the AMF on 26 April 2017 under number D.17-0432.
(3) Director whose term of office expired on 22 June 2017.
(4) Directors since 22 June 2017.
(5) Director whose term of office expired at midnight on 21 June 2017 and Board Observer since the Annual General Meeting held on 22 June 2017.
(6) This amount breaks down as follows:
- €31,914 paid for Mr Guy de Panafieu's performance of his duties as Director for the period from 1 January to 21 June 2017 at midnight; and
- €13,151 paid for the performance of the duties of Board Observer for the period from 22 June to 31 December 2017.

The attendance fees paid to Directors for the period from 1 January to 31 December 2018 are in accordance with the tenth resolution adopted by the General Meeting of shareholders held on 23 June 2016, which set the total annual amount of attendance fees at €400,000 as of the date of said meeting and for subsequent financial years, until otherwise decided.



5

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5.1 2018 HIGHLIGHTS

The Group's transformation gathered momentum in 2018 as part of our business plan, shoring up its position as a resolutely European integrated operator of health and care services to the elderly and vulnerable people.

The Group has expanded through two approaches, consolidation and conquest, by increasing the density of its network, diversifying its business profile and broadening its geographic footprint, with the aim of offering the 300,000 patients and residents it cared and provided assistance for this year in its 803 facilities a continuously improving level of service and quality.

SUCCESS OF THE "BOOST" PLAN IN FRANCE

Business in France benefited from the growth acceleration plan launched two years ago to renovate and restructure the Group's existing real estate portfolio and develop new services. Efforts to restructure and reposition the network have paid off. A first set of reconfiguration and modernisation projects involving some 40 facilities - long-term care nursing homes and specialised clinics - was completed in 2018.

STRONG PERFORMANCE IN GERMANY

The German activities delivered rapid organic growth thanks to healthy business, active management of the pricing policy for medical-social facilities and the ramp-up of facilities opened within the past 18 months. Synergies generated from the successful integration of platforms acquired 3 years ago helped the EBITDAR margin gain a substantial 70 basis points.

DIVERSIFICATION OF BUSINESS AND PORTFOLIO ACROSS ALL COUNTRIES

Meanwhile, the Group has continued to gain market share and diversify its business profile in markets that are producing structural growth. This is thanks to demographic trends and changes in the business of providing care and assistance for the elderly. Korian has bolstered its position in its core business lines (long-term care nursing homes and specialised clinics) and branched out into home care services, assisted living facilities and shared housing for seniors by making 10 targeted acquisitions.

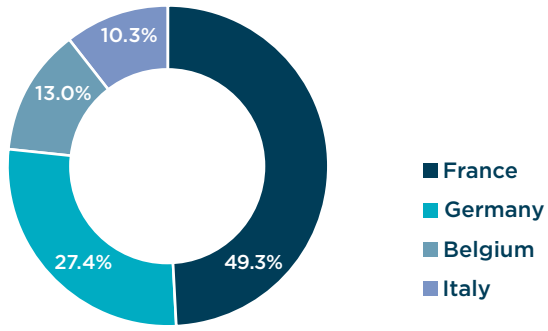
REAL ESTATE STRATEGY GATHERING PACE

The three components of the Group's real estate strategy are closely linked with the positioning strategy described above:

- property promotion, with the development of 114 new projects of which 40 are underway either in-house or with external partners;
- selective real estate investments, enabling the Group to raise its ownership rate to 19% versus 14% two years ago, with a portfolio's value increased by 33% to €1.6 billion;
- active drive to renegotiate leases, which led to achieve €5 million savings this year through the renegotiation of 90 leases.

5.2 BUSINESS GROWTH

Breakdown of annual revenue by country



Growth acceleration in Group revenue and a higher operating margin before rental expenses (EBITDAR margin)

	Group		France		Germany		Belgium		Italy	
In millions of euros	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue	3,336.5	3,135.2	1,644.4	1,583.4	912.7	882.1	436.2	362.6	343.2	307.1
EBITDAR	873.2	820.9	444.8	435.6	234.5	220.6	112.8	93.0	81.1	71.8
Margin/Revenue	**26.2%**	**26.2%**	**27.1%**	**27.5%**	**25.7%**	**25.0%**	**25.9%**	**25.7%**	**23.6%**	**23.4%**

Korian uses EBITDAR and EBITDA as its benchmark indicators.
EBITDAR makes it possible to assess operating performance independently of the real estate policy (ownership or rental of premises has an impact on operating income). EBITDAR is gross earnings from operations before rental expenses (see Note 3 in paragraph 6.1 of the registration document).

Consolidated **revenue** reached €3,336 million in financial year 2018, reflecting a reported increase of 6.4% (versus +5.0% in 2017) and exceeding the revised target of 6% target announced in September 2018.

The momentum was evenly balanced between organic growth (+3.0%, of which +3.3% internationally and +2.7% in France) and external growth (+3.4%).

The EBITDAR margin held stable at 26.2%. Effective control over operating expenses and a drive to optimise the cost structure in Germany, Belgium and Italy helped to offset the slight contraction in margin in France (27.1% versus 27.5% in 2017), notably as a result of higher social security contributions and lower tariffs in clinics.

Breakdown by country:

- **In France,** revenue grew by +3.9% (versus +0.7% in 2017), of which +2.7% organic growth (versus +0.9% in 2017). This surge in growth was driven by the initial positive effects of the renovation and modernisation plan, launched in 2017, and the strategy of selective acquisitions implemented in the period (*Ages & Vie*, Fontdivina, CliniDom). The slight contraction in EBITDAR margin over the period was due to the decrease in the CICE wage tax credit and in healthcare tariffs.
- **In Germany,** organic revenue growth came to 3.7% thanks to favourable price and business mix effects and the ramp-up of facilities opened within the past 18 months. The EBITDAR margin increased by 70 basis points to 25.7%, driven by the effects of the Success 2020 performance plan launched in 2017 which substantially reduced the Group's overheads and optimised its purchasing policy. Meanwhile, despite a tight labour market, the increase in staff costs was contained last year, helped by the drive to develop apprenticeship programs and build staff loyalty, which significantly reduced the need for temporary employees.
- **In Belgium,** revenue continued to grow rapidly (+20.3%). They were supported by an active external growth strategy (acquisition of Senior Assist's Belgian operations, *i.e.* two portfolios with 29 facilities) and healthy organic growth (+3.7%) as facilities that have been opened, extended or renovated since the end of 2016 are gaining momentum. The EBITDAR margin rose 20 basis points to 25.9% driven by growing contributions from sites recently opened or added to the portfolio.
- **Italy** delivered double-digit revenue growth (+11.8%) owing to a pro-active approach to make bolt-on acquisitions since 2017, and it expanded its margin by 20 basis points to 23.6%. This increase stemmed from acquisition-related synergies and optimised cost management.

5.3 REVIEW OF CONSOLIDATED RESULTS AND FINANCIAL SITUATION AS AT 31 DECEMBER 2018

5.3.1 / CONSOLIDATED RESULTS

5.3.1.1 Simplified consolidated income statement

Korian uses EBITDAR and EBITDA as its benchmark indicators.

EBITDA is EBITDAR, as defined above, less rental expenses.

In millions of euros	31.12.2018	31.12.2017	Change 2018/2017
Revenue and other income	3,336.5	3,135.2	6.4%
EBITDAR	873.2	820.9	6.4%
as % of revenue	*26.2%*	*26.2%*	-
External rents	-396.1	-380.7	4%
EBITDA	477.1	440.2	8.4%
as % of revenue	*14.3%*	*14.0%*	*+0.3pt*
Operating income	299.3	283.3	5.6%
Net financial income	-121.6	-120.5	0.9%
Profit/(loss) before tax	**177.6**	**162.8**	**9.1%**
Net income, Group share	**123.1**	**163.3**	**-24.6%**

Restatements

In millions of euros	31.12.2018	31.12.2017	Change 2018/2017
Income tax	-52.6	3.6	N/A
Restated income taxes *excluding the impact of restating 2017 deferred taxes*	-52.6	-63.9	-17.7%
Net income, Group share	**123.1**	**163.3**	**-24.6%**
Restated net income, Group share *excluding the impact of restating 2017 deferred taxes*	**123.1**	**96.1**	**+28.1%**

EBITDA (1) was 8.4% higher than in 2017 at €477.1 million.

EBITDA margin came to 14.3% in 2018 versus 14.0% in 2017, *i.e.* 30 basis points higher than the previous year. This solid performance was achieved thanks to revenue growth, driven by a favourable mix, effective control over operating expenses and the ramp-up of the Group's real estate optimisation policy. This enabled the Group to reach the margin target set out in the Korian K-2020 plan a year ahead of schedule.

Current operating profit (EBIT) was €314 million, which is 9.4% of revenue (versus 9.0% in 2017).

Non-recurring expenses amounted to €15 million due to spending on reorganisation measures and acquisitions.

Net profit/(loss) Group share grew by 28.1% (2) to €123 million thanks to a combination of improved operating performance and a lower tax rate of 29.6% versus 39.3% the previous year.

(1) EBITDA corresponds to EBITDAR excluding leases.
(2) Net profit/(loss) Group share for 2017 used to calculate the change is restated for the deferred taxes allocated, for a 2017 restated net profit Group share of €96 million, compared with €163 million before restatement.

5.3.1.2 Simplified consolidated balance sheet

In thousands of euros	31.12.2018	31.12.2017
Non-current assets	6,624.5	6,185.5
Current assets	999.0	929.3
Assets held for sale	-	0.1
TOTAL ASSETS	**7,623.5**	**7,114.9**

In thousands of euros	31.12.2018	31.12.2017
Equity	2,568.0	2,474.7
Non-current liabilities	3,663.3	3,355.4
Current liabilities	1,392.2	1,284.8
Liabilities held for sale	-	-
TOTAL LIABILITIES	**7,623.5**	**7,114.9**

Assets

Non-current assets broke down as follows:

- goodwill amounting to €2,311.8 million, up €93.1 million, mainly due to acquisitions completed in Belgium (Senior Assist), Italy (Smeralda and San Giuseppe) and France (Fontdivina and CliniDom);
- intangible assets valued at €1,822.8 million, consisting mainly of operating licences and lease rights;
- property, plant and equipment amounting to €2,292.4 million, an increase of €348.3 million over the year, primarily as a result of changes in scope.

Current assets broke down essentially as follows:

- trade receivables with a value of €235.6 million, up €44.4 million due to additions to the consolidation scope;
- cash and cash equivalents amounting to €550.4 million, up €39.8m thanks to improved operating performance and stringent WCR management.

Liabilities

Consolidated equity totalled €2,568 million.

Consolidated equity Group share increased by €93.8 million to €2,556.2 million, mainly due to:

- the impact of net profit attributable to owners of the Group of €123.1 million;
- the distribution of €48.6 million of dividends in July 2018, notably in respect of 2017 profits;
- the increase in equity resulting from the dividend payment in newly issued shares amounting to €26.7 million;
- the -€3.2 million impact of hedge accounting on interest rate hedging instruments;
- actuarial gains and losses relating to the calculation of the provision for lump-sum retirement benefits, amounting to -€2.1 million;
- the -€9.9 million impact of the ODIRNANE bonds.

Financial liabilities totalled €3,274 million, an increase of €423.2 million.

5.3.2 / FINANCIAL SITUATION

5.3.2.1 Cash flow

Strict control over the working capital requirement and maintenance capital expenditure enabled restated operating free cash flow [(1)] to grow more rapidly than the operating margin to €204 million, a +19% increase on the €171 million generated in 2017. Within a context of accelerating investments for business development and acquisitions (€173 million versus €132 million in 2017), restated free cash flow amounted to €31 million in 2018 versus €39 million in 2017.

In addition, taking advantage of market opportunities within a particularly favourable environment for real estate financing, the Group also more than doubled its real estate investments to €296 million versus €142 million in 2017. On that basis, the value of real estate ownership rose significantly by 33% in the period to €1,649 million or 19% of total assets.

More details can be found in the statement of cash flows in chapter 6.1 of this registration document.

(1) Operating free cash flow is restated for the VAT refund recognised in 2017.

5.3.2.2 Financial debt

At 31 December 2018, net financial debt [1] including real estate debt totalled €2,723.6 million, having increased by €383 million (+16%). Net borrowings, excluding real estate debt, held steady at €1,207.1 million versus €1,209.4 million at 31 December 2017, bringing the restated leverage [2] to 3.0× EBITDA versus 3.2× at 31 December 2017 (maximum ratio of 4.5× authorised in the financial covenants). Real estate debt increased by €385.7 million while the ratio of real estate debt to owned asset value remained under control at 51%.

This leaves the Group financial headroom to continue growing.

Having issued €450 million of *Schuldschein* (a German private financing tool) in December 2018, the Group has slightly extended the average maturity of its debt, 90% of which is at fixed rates, and reduced its cost of debt.

In thousands of euros	31.12.2018	31.12.2017
Borrowings from credit institutions and financial markets	1,724.1	1,581.1
Real estate debt	1,516.5	1,130.8
of which IAS 17 debt excluding sale and leaseback agreements	*674.9*	*645.5*
of which real estate debt in respect of financial counterparties	*841.6*	*485.3*
Other financial liabilities	25.6	132.1
Bank overdrafts	7.8	6.8
Financial liabilities	**3,274.0**	**2,850.8**
Marketable securities	93.0	292.8
Cash	457.4	217.7
Cash and cash equivalents	**550.4**	**510.6**

5.3.3 / KORIAN SA'S ANNUAL FINANCIAL STATEMENTS

No changes to the accounting policy had any material impact on the annual financial statements.

5.3.3.1 Korian SA's income statement

In millions of euros	31.12.2018	31.12.2017
Annual revenue	83.7	76.7
Other operating income, reversals of provisions and reinvoiced expenses	7.9	8.0
Total operating income	**91.6**	**84.7**
Other external purchases and expenses	-68.5	-58.4
Income tax and other taxes	-2.9	-2.8
Wages and salaries	-48.3	-42.0
Depreciation, amortisation and provisions	-11.6	-11.3
Other expenses	-0.9	-1.0
Total operating expenses	**-132.3**	**-115.5**
Operating results	**-40.4**	**-30.8**
Net financial income	**88.2**	**74.7**
Non-recurring profit/(loss)	**-3.8**	**-0.3**
Income tax (consolidation gains)	25.9	18.3
NET PROFIT/(LOSS)	**69.6**	**61.9**

(1) Net financial debt represents financial debt minus cash (marketable securities and cash).
(2) Restated leverage: (net debt - real estate debt) / (adjusted EBITDA - (6.5% real estate debt).

5.3.3.2 Analysis of the income statement

Operating results

Korian's income consists primarily of Group fees paid by its French and foreign subsidiaries. These fees totalled €57.5 million in 2018 and are apportioned according to the number of beds operated. Conversely, Korian recognised €11.8 million in operating expenses for overheads paid by its subsidiary Medica France, which it reinvoiced to Korian.

Korian also reinvoices other expenses to its subsidiaries such as wages and salaries, other services and property leasing charges. In 2018, the amounts reinvoiced totalled €6.4 million (+€0.6 million). External services are also invoiced outside the Group and totalled €19.9 million (+€1.8 million).

Within this scope, wages and salaries of €48.3 million, for an average workforce of 445 employees, accounted for approximately 36.5% of total operating expenses.

Net financial income

As the Group's holding company, Korian receives dividends from its subsidiaries. These dividends increased from €112.2 million in 2017 to €125.2 million in 2018.

Korian carries most of the Group's debt and financial instruments. The financial expenses incurred on financial liabilities (excluding real estate debt) totalled €48.5 million in 2018, *i.e.* +€1.8 million versus 2017 due to increased indebtedness. In addition, Korian recognised an expense of €7.1 million in 2018 in relation to financial instruments.

Conversely, as head of the cash pooling arrangement, Korian paid €0.6 million (compared to €3.7 million in 2017) in interest expense on current accounts but received €5.2 million in interest earned on the current accounts held with its subsidiaries.

Non-recurring profit/(loss)

The non-recurring loss of -€3.8 million was essentially due to costs relating to employee benefits.

5.3.3.3 Korian SA's balance sheet

Assets	**31.12.2018**	**31.12.2017**
Intangible assets	19.8	11.4
Plant, property and equipment	11.3	10.3
Non-current financial assets	3,038.3	2,984.5
Total non-current assets	**3,069.4**	**3,006.2**
Trade receivables	89.2	76.3
Other receivables	1,006.6	641.1
Cash	380.5	376.9
Prepaid expenses	1.3	2.6
Total current assets	**1,477.6**	**1,096.9**
Debt issuance costs and bond redemption premiums	12.3	14.1
TOTAL ASSETS	**4,559.3**	**4,117.2**

Liabilities	**31.12.2018**	**31.12.2017**
Share capital	409.9	404.9
Reserves and premiums	1,142.7	1,117.9
Retained earnings	21.1	11.0
Profit/(loss)	69.6	61.9
Regulated provisions	2.4	2.4
Net position	**1,645.7**	**1,598.1**
Provisions for risks and expenses	2.3	1.6
Financial liabilities	2,855.4	2,464.8
Trade payables	32.9	28.6
Tax and social security liabilities	19.6	20.0
Other liabilities	3.2	3.6
Deferred income	0.1	0.5
Total operating liabilities	**2,913.6**	**2,517.5**
TOTAL LIABILITIES	**4,559.3**	**4,117.2**

Korian's statement of financial position totalled €4,559 million. This figure was essentially broken down as follows:

Assets

- Non-current assets totalled €3,069.4 million, accounting for 67% of the statement of financial position. They consisted of:
  - €2,363.4 million in investments, of which €264 million in net merger losses transferred to the investments account;
  - €675 million in loans to subsidiaries;
  - €31.1 million in intangible assets and property, plant and equipment.
- The other main items on the assets side of the statement of financial position broke down as follows:
  - current accounts with subsidiaries amounting to €995.9 million;
  - €380.5 million in cash and cash equivalents;
  - €12.3 million in expenses to be apportioned, relating to debt issuance costs;
  - €1.3 million in prepaid expenses, including €0.4 million for a portion of the cash payment made in 2014 relating to the restructuring of the financial instruments portfolio. This sum was spread out over the duration of these financial instruments.

Liabilities

- The net position of €1,645.7 million, up €47.7 million, was mainly due to:
  - the distribution of €48.6 million of dividends in July 2018 in respect of 2017 profits, and the €26.7 million capital increase resulting from the payment of the dividend in newly issued shares;
  - the €69.6 million profit generated over the period.
- Financial liabilities, which totalled €2,855.4 million at 31 December 2018, broke down into €1,573 million in bonds, €576 million in bank loans, and €705 million in current accounts held with subsidiaries.

5.3.3.4 Payment deadlines for debts owed to suppliers and debts owed by customers

Trade payables amounted to €32.9 million and broke down as follows:

- €13.5 million in provisions for invoices not yet received;
- €19.4 million in trade payables.

In accordance with articles L. 441-6-1 and D. 441-4 of the French Commercial Code, information on payment deadlines for debts owed to suppliers and debts owed by customers are shown in the table below.

Payment deadlines – Table in accordance with article D. 441-4, par. I of the French Commercial Code

	Article D. 441-I.1: invoices received, unpaid at year-end and past due						Article D. 441-I.2: invoices issued, unpaid at year-end and past due					
	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day or more)	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day or more)
(A) Late-payment tranches												
Number of invoices		556	137	55	119	867		40	10	8	211	269
Total amount of invoices, incl. VAT		1,417,053	687,515	218,254	182,134	2,504,956		664,217	165,517	156,134	1,550,250	2,536,118
Percentage of total purchases, incl. VAT, in the year		0.6%	0.3%	0.1%	0.1%	1.1%						
Percentage of revenue, incl. VAT, in the year								0.7%	0.2%	0.2%	1.6%	2.6%
(B) Invoices excluded from (A) relating to payables and receivables in dispute or not recognised												
Number of invoices excluded												
Total amount of invoices excluded												
(C) Reference payment terms used (contractual or statutory deadline – article L. 441-6 or L. 443-1 of the French Commercial Code)												
Payment deadlines used to assess late payments	• Contractual deadlines: depends on suppliers • Statutory deadlines: 45 days from the invoice date						• Contractual deadlines: depends on clients • Statutory deadlines: 45 days from the invoice date					

5.3.3.5 Lavish expenses and overheads to be reversed

Lavish expenses, as defined in article 39-4 of the French Tax Code, totalled €223,139 for the financial year ended 31 December 2018, and the corresponding tax burden was estimated at €76,760.

5.3.3.6 Information on existing branches (article L. 232-1 of the French Commercial Code)

In accordance with article L. 232-1 of the French Commercial Code, the Company reports that at 31 December 2018 it held four branches located at:

- Zone Industrielle – 25870 Devecey;
- 2-12, Chemin des Femmes – 91300 Massy;
- Allée de Roncevaux – 31240 L'Union;
- 59, rue Denuzière – 69002 Lyon.

5.3.3.7 Table of individual results for the past five years

Type of indication/Period	31.12.2018*	31.12.2017*	31.12.2016	31.12.2015	31.12.2014
Duration of the period	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**
Financial position for the period					
a) Share capital	€409,882,125	€404,911,715	€400,890,210	€397,328,365	€395,187,615
b) Number of shares issued	81,976,425	80,982,343	80,178,042	79,465,673	79,037,523
Comprehensive income of actual operations					
a) Revenue excluding taxes	€83,774,203	€76,744,519	€69,034,532	€67,095,487	€40,942,258
b) Earnings before taxes, profit-sharing, amortisation/ depreciation & provisions	€55,610,984	€53,222,400	€12,141,844	€54,353,380	€59,806,275
c) Income tax	-€25,882,269	-€18,332,724	-€24,169,814	-€19,848,346	-€14,959,303
d) Earnings after taxes but before amortisation/depreciation & provisions	€81,493,253	€71,555,124	€36,311,658	€74,201,726	€74,765,578
e) Earnings after taxes, profit-sharing, amortisation/ depreciation & provisions	€69,629,923	€61,869,242	€21,871,487	€67,229,544	€74,260,803
f) Amount of profit distributed	€48,590,138	€48,109,415	€47,660,333	€47,679,404	€47,422,514
g) Employee profit-sharing	-	-	-	-	-
Earnings per share					
a) Earnings after taxes but before amortisation/depreciation	€0.99	€0.89	€0.45	€0.93	€0.95
b) Earnings after taxes, amortisation/depreciation & provisions	€0.85	€0.78	€0.27	€0.85	€0.94
c) Dividend per share	€0.60	€0.60	€0.60	€0.60	€0.60
d) Other distributions	-	-	-	-	-
Employees					
a) Headcount	446	407	369	337	298
b) Total payroll	€33,548,145	€30,242,546	€26,198,642	€21,813,403	€21,174,823
c) Sums paid as social benefits	€14,782,372	€11,793,454	€11,768,041	€11,053,571	€9,290,697

* The proposed distribution for financial year 2018 will be submitted to the General Meeting scheduled for 6 June 2019.

5.4 RESEARCH AND DEVELOPMENT

The Group decided to set up a company foundation (the Korian Foundation for Ageing Well) to carry out research and development in partnership with university research centres, but holds no significant patents relating to its business.

Its projects help to develop and assess new therapeutic approaches, innovative nutrition methods, the design and layout of spaces, automation and connected objects, and digital technologies.

Korian granted the Korian Foundation for Ageing Well a €515,000 subsidy in 2018 and put four FTEs at its disposal.

Korian thus also benefits from a research tax credit calculated on the basis of the time its employees spend on research work; it amounted to €315,000 in 2018.

5.5 PROPOSED ALLOCATION OF PROFIT AND DIVIDEND PAYMENT

5.5.1 / DIVIDENDS PAID OVER THE PAST THREE YEARS

Financial year concerned (financial year distributed)	Number of shares comprising the share capital	Number of shares receiving dividends	Dividend paid per share	Revenue distributed per share	
				Eligible for the 40% tax credit provided for in article 158, par. 3-2, of the French Tax Code	Ineligible for the 40% tax credit provided for in article 158, par. 3-2, of the French Tax Code
2017 (2018)	80,983,563	80,960,195	€0.60	€0.60	-
2016 (2017)	80,204,403	80,186,118	€0.60	€0.60	-
2015 (2016)	79,468,673	79,433,889	€0.60	€0.60	-

The payment of dividends or any other distribution depends on the Group's financial results, notably its net profit, and its investment policy.

The dividend distribution policy is described in chapter 7.3.3 of this registration document.

5.5.2 / ALLOCATION OF PROFIT FOR 2018

Profit for the financial year totalled €69,629,923.38. The General Meeting scheduled for 6 June 2019 will be requested to:

- appropriate €3,481,496.17 to the legal reserve fund.

The balance of the profit for the financial year, *i.e.* €66,148,427.21, plus retained earnings of €21,146,509.04, makes up the distributable profit for the financial year, *i.e.* the sum of €87,294,936.25. Therefore, the General Meeting scheduled for 6 June 2019 will be requested to:

- pay a dividend of €0.60 per share to the 81,985,563 Company shares*, *i.e.* €49,191,337.80, taken entirely from the distributable profit for the financial year; and
- allocate €38,103,598.45 to the retained earnings account.

Following the definitive granting of shares to certain employees performing key functions, the company performed a capital increase on 31 March 2019, for a total of €45,690 by issuing 9,138 new shares of a par value of €5 each, thereby increasing the capital to €409,927,815, divided into 81,985,563 shares (see paragraph 7.2.4.2 of the registration document).

5.6 MATERIAL EVENTS SINCE THE YEAR-END

FURTHER PROGRESS ON THE STRATEGY OF TARGETED ACQUISITIONS, ENRICHMENT OF THE OFFER AND GEOGRAPHIC EXPANSION

In France

Korian consolidated its position in France by acquiring the **Omega** group, which specialises in elderly care and is based in south-west France. Omega group operates in all segments of the elderly care sector. It owns a network of 14 long-term care nursing homes in the Nouvelle-Aquitaine and Occitanie regions of France and in Spain, as well as 3 assisted living facilities (2 of which are under construction and will open in 2019 and 2020), with a total of around 1,000 beds. It also manages 9 home-based care and services agencies. The Omega group generated revenue of €40 million in 2018.

This acquisition consolidates Korian's positions in the Nouvelle Aquitaine and Occitanie regions, where it is already firmly established thanks to a network of 54 long-term care nursing homes, 22 post-acute and rehabilitation care clinics and 2 hospital home care facilities.

In Germany

In Germany, Korian acquired **Schauinsland**, which operates 6 long-term care nursing homes in the Baden-Württemberg area with total capacity of around 420 beds. The company, which generated revenue of about €17 million in 2018, has also developed a range of home-based care services. Korian is already the leading private nursing home operator in Germany, with a network of 230 retirement homes; this acquisition will strengthen its position in Baden-Württemberg, which is a particularly vibrant region providing cutting-edge elderly care services.

In Spain

The Group announced the acquisition of **Seniors**, a Spanish company which operates a group of 7 high-end long-term care nursing homes around Malaga, in Andalusia, representing a diversified portfolio of around 1,300 beds, including assisted living and day care facilities. Seniors, which generated revenue of around €15 million in 2018, is renowned for the quality of its service. It has embedded growth potential as 3 of its facilities are still in the ramp-up phase. This acquisition gives Korian a foothold in the Spanish market, which is already the fourth-largest market in the sector in Europe and in which the Group intends to actively pursue its expansion by drawing on the strength of Seniors' experienced management.

In the Netherlands

The Group announced on 15 April that it has acquired **Stepping Stones**, an innovative private Dutch operator specialising in providing high-quality assistance for those suffering from Alzheimer's disease and cognitive disorders.

Stepping Stones was set up in 2006 by Christiaan Sap, CEO, and it has developed a unique concept based on small residential care villas adapted to patients suffering from Alzheimer's disease or cognitive disorders. Each resident has their own apartment; common areas (living room, dining room, open kitchen as well as a garden) are accessible to everyone.

It provides personalised care, which is perfectly well-suited to Korian's *Positive Care* approach, based on the specific needs and wishes of its residents who are mostly highly dependent. Residents are supported until the end of their life thanks to the company's expertise in palliative care. The staff are specifically trained to provide complex care, as required by the Dutch regional care authorities *(Zorgkantoren)*.

The company operates a portfolio of 12 care villas of the high standards (3 of which are in the process of ramping up) corresponding to 260 apartments, mainly located in the centre and east of the Netherlands. Its 2018 revenue amounted to €13 million. Stepping Stones intends to double its portfolio in the next four years leveraging strong market needs in the country.

After *Ages & Vie* in France, Korian is reinforcing its foothold in the small-sized senior living communities business segment and thus is enlarging its care service offer to better adapt to customer needs.

REVENUE INCREASED BY 8.1% IN THE FIRST QUARTER OF 2019, OF WHICH 3.8% ORGANIC GROWTH

The Korian group's revenue increased by 8.1% year-on-year in the first three months of 2019 to €871.6 million, with organic growth [1] reaching 3.8%. All the Group's businesses and geographic areas contributed to this positive momentum. It was the result of a local growth strategy combining optimisation of its existing portfolio, enlargement of its service offer and targeted acquisitions (10 made in 2018 and 5 in the first quarter of 2019), based on a differentiating approach of local service platforms and integrated care pathways.

Breakdown of revenue by country

In millions of euros	1st quarter		% growth		
Revenue [1]	**2019**	**2018**	**Reported**	**Organic**	**% of revenue**
France [2]	424.8	400.4	+6.1%	+3.0%	48.7%
Germany	233.6	223.7	+4.4%	+4.4%	26.8%
Belgium	123.7	100.8	+22.6%	+6.7%	14.2%
Italy	89.5	81.1	+10.4%	+2.5%	10.3%
TOTAL REVENUE	**871.6**	**806.1**	**+8.1%**	**+3.8%**	**100.0%**

(1) Revenue and other income, without any significant IFRS 16 effect.
(2) Including Spain.

Korian also reiterated its 2019 growth and EBITDA margin targets which it had updated during its 2018 earnings presentation, *i.e.* at least 8% revenue growth and an operating margin of at least 14.5%.

5.7 FORESEEABLE CHANGES – OUTLOOK

Korian will pursue its buy-and-build strategy in 2019, taking advantage of the density of its network and further diversifying its business portfolio to incorporate more home care services, assisted living facilities and out-patient care.

Meanwhile, the Group announced that it has set up the first joint Apprenticeship Training Centre (CFA) for food services and catering professions, alongside leading business service companies, and will thus continue to invest in its hiring and training policies by taking on at least 1,000 new apprentices in France and Germany.

In addition, Korian is revisiting its real estate concepts as part of its ongoing drive to restructure its real estate portfolio. The Group has therefore developed the "*Korian Home*" concept, which combines under one roof, long-term care units for those losing their autonomy, apartment, as well as service centres and outpatient care facilities. 30 projects based on this model are currently being developed in city centres throughout Europe. At the same time, the Group is continuing to develop *Ages & Vie* network in France that will make it possible to offer solutions specifically adapted to frail persons within a family-like and intergenerational setting. More than 20 such new High Environmental Quality certified (HQE) units will be launched in 2019.

The Group is also going to shore up its position in digital technology as a springboard for innovation aimed at improving the working environment for its employees and the customer experience for its residents and patients.

Korian has raised its 2019 forecasts on the back of its 2018 results, which exceeded expectations, and its strong growth momentum. It now sees revenue growing by at least 8% in 2019, *i.e.* 160 basis points more than in 2018, and the operating margin reaching at least 14.5%, *i.e.* 20 basis points higher than in 2018.

The Group has also raised the targets set out in its K-2020 strategic plan. It now sees revenue reaching at least €4.2 billion euros in 2021, implying annual average growth of at least 8% over the 2019-2021 period, and the EBITDA margin gaining 120 basis points versus 2018 to 15.5%.

(1) Organic revenue growth includes: a) the change in revenue (current year (Y)) compared with the previous year (Y-1)) for existing facilities, b) the revenue generated in Y by facilities created in Y or Y-1, c) the change in revenue (Y compared with Y-1) for restructured facilities or facilities where capacity was increased in Y or Y-1, and d) the change in revenue for recently acquired facilities recorded in Y compared with the equivalent period in Y-1.



6

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6.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	31.12.2018	31.12.2017
Annual revenue	**2**	**3,333,787**	**3,130,942**
Other revenue	2	2,697	4,227
Total revenue	**2**	**3,336,484**	**3,135,169**
Purchases used in the business	2	-265,142	-252,633
Personnel expenses	2/4.1	-1,722,110	-1,616,472
External expenses	2	-765,428	-734,538
Income tax and other taxes	2	-103,083	-98,024
Other operating income and expenses	2	-3,655	6,727
EBITDA		**477,066**	**440,230**
Depreciation, amortisation and provisions		-163,298	-157,029
Profit/(loss) on acquisition and disposal of consolidated entities	5	-7,282	-2,959
Other operating income and expenses	5	-7,225	3,062
Operating income	**3**	**299,262**	**283,303**
Cost of net debt (1)	9.1	-105,995	-105,028
Other items of financial income	9.1	-15,629	-15,509
Net financial income	**9.1**	**-121,623**	**-120,537**
Profit/(loss) before tax		**177,638**	**162,766**
Income tax	10.1.1	-52,606	3,564
Profit/(loss) of consolidated companies		**125,032**	**166,330**
Non-controlling interests		-1,899	-3,007
Share attributable to the Group's owners		**123,133**	**163,324**
Net profit/(loss) attributable to the Group's owners/per share *(in euro)*	11	1.51	2.00
Diluted earnings (attrib. to the Group's owners)/per share *(in euro)*	11	1.40	1.86
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP'S OWNERS		**123,133**	**163,324**
Recyclable items: impact of IFRS 9/IAS 39 and IFRS 2 (measurement of hedging instruments and free share plan) net of tax (2)		-3,205	5,738
Non-recyclable items: IAS 19 impact (actuarial gains and losses) (2)		2,068	-4,409
Gains and losses recognised directly in equity (attributable to the Group's owners) (2)		**-1,137**	**1,329**
Net profit/(loss) and gains and losses recognised directly in equity (attributable to the Group's owners) (2)		121,996	164,653
Net profit/(loss) and gains and losses recognised directly in equity (non-controlling interests) (2)		1,909	2,997

(1) Reclassification of hedging costs during the period of comparison.
(2) See Statement of changes in equity.

Earnings before interest, taxes, depreciation and amortisation (EBITDA): this is the difference between income (primarily revenues) and expenses (primarily purchases used in the business, personnel costs, external expenses, income tax and other taxes) arising in relation to the Group's operations. It does not include amortisation and depreciation or other operating income and expenses that are unrelated to the Group's operations.

CONSOLIDATED BALANCE SHEET

Assets

In thousands of euros	Notes	31.12.2018	31.12.2017
Goodwill	2/6.1	2,311,822	2,218,729
Intangible fixed assets	6.2	1,822,819	1,759,714
Property, plant and equipment	6.3	2,292,431	1,943,851
Financial assets	9.4.1	57,296	54,170
Deferred tax assets	10.2	140,132	209,019
Non-current assets		**6,624,501**	**6,185,484**
Inventory	2	17,113	10,402
Trade receivables and related accounts	2	235,611	191,219
Other receivables and currents assets	2	192,666	212,230
Financial instruments – assets	9.6	3,213	4,891
Cash and cash equivalents	9.3/9.5	550,361	510,589
Current assets		**998,964**	**929,330**
Assets held for sale			108
TOTAL ASSETS		**7,623,465**	**7,114,922**

Liabilities

In thousands of euros	Notes	31.12.2018	31.12.2017
Share capital		409,882	404,912
Premiums		881,765	860,039
Reserves and consolidated results		1,264,538	1,197,454
Shareholders' equity (Group share)		**2,556,185**	**2,462,405**
Non-controlling interests		11,814	12,272
Total shareholder's equity		**2,567,999**	**2,474,677**
Provisions for pensions	4.2	70,769	70,373
Deferred tax liabilities	10.2	583,287	632,591
Other provisions	8	115,982	153,878
Borrowings and financial debt	9.3	2,861,096	2,497,818
Other non-current debt (1)		32,132	770
Non-current liabilities		**3,663,266**	**3,355,430**
Provisions for less than one year	8	12,482	11,660
Trade payables and related accounts	2	315,111	267,333
Other liabilities and accruals (1)	2	635,523	640,176
Borrowings due within 1 year and bank overdrafts	9.3	412,948	352,940
Derivative financial instruments	9.6	16,136	12,706
Current liabilities		**1,392,200**	**1,284,815**
TOTAL LIABILITIES		**7,623,465**	**7,114,922**

(1) Reclassification of current liabilities as non-current debt over the comparison period.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Notes	31.12.2018	31.12.2017
Net profit/(loss)		**125,032**	**166,330**
Of which income tax expense		*52,606*	*-3,564*
Net depreciation/amortisation and provisions		142,340	176,101
Deferred tax		-8,210	-72,905
Gain/(loss) at fair value and non-cash items		-11,219	-12,628
Gain on disposal of assets		5,153	9,145
Cash flow after cost of net debt		**253,096**	**266,043**
Elimination of acquisition costs of securities		6,959	2,959
Elimination of net interest paid		100,063	98,448
Cash flow before cost of net debt		**360,119**	**367,451**
Change in inventories	2	-4,775	-441
Change in trade receivables	2	-13,000	-11,449
Change in trade payables	2	27,965	3,232
Change in corporate income tax	2	-14,562	30,412
Change in other items	2	21,525	-4,024
Change in working capital requirements	**2**	**17,153**	**17,729**
Net cash generated from operations		**377,272**	**385,179**
Impact of changes in scope (acquisitions)	2	-95,435	-98,391
Impact of changes in scope (disposals)	2	-60	
Payment for property, plant and equipment and intangible assets	6.4	-264,596	-188,678
Payment for other financial investments		-6,500	-47,651
Proceeds from disposals of non-current assets (excluding securities)		3,249	3,748
Net cash from/(used in) investing activities		**-363,341**	**-330,971**
Net cash flow		**13,931**	**54,209**
Capital increase of non-controlling interests		91	-91
Treasury shares charged to equity		473	12
Increase in financial liabilities	9.3	697,825	282,546
Repayment of financial liabilities	9.3	-538,317	-296,280
Other cash flows from/(used in) financing activities – Hybrid financial instruments		-8,220	296,120
Net interest paid		-102,019	-96,366
Dividends paid to shareholders of the parent		-24,865	-30,599
Dividends paid to non-controlling interests in consolidated companies		-98	-12
Net cash from/(used in) financing activities		**24,870**	**155,331**
CHANGE IN CASH POSITION		**38,801**	**209,540**
Cash and cash equivalents at the start of the period		503,802	294,261
Cash and cash equivalents at the end of the period		542,604	503,802
Marketable securities	9.3	92,951	292,842
Cash	9.3	457,410	217,747
Bank overdrafts	9.3	-7,757	-6,787
CASH AND CASH EQUIVALENTS		**542,604**	**503,802**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Share capital	Premiums	Charged directly to equity	Reserves and consolidated results	Equity attributable to the Group's owners	Non-controlling interests	Total shareholder's equity
At 31 December 2016	**400,890**	**841,520**	**241,110**	**539,494**	**2,023,014**	**13,914**	**2,036,930**
Dividend distribution				-48,109	-48,109	-4,615	-52,724
Capital increase	4,022	18,519		-132	22,409		22,409
Treasury shares			11		11		11
Equity instruments			291,652		291,652		291,652
Other changes			-65	394	330	-23	306
Net profit in 2017				*163,324*	*163,324*	*3,007*	*166,330*
Impact of IAS 19 (actuarial gains and losses)			-4,409		-4,409	-10	-4,419
Measurement of hedging derivatives			5,738		5,738		5,738
and free share plans (net of tax)				8,445	8,445		8,445
Comprehensive income			*1,329*	*163,324*	*164,653*	*2,997*	*167,650*
At 31 December 2017	**404,912**	**860,040**	**534,038**	**663,416**	**2,462,406**	**12,272**	**2,474,678**
Dividend distribution				-48,576	-48,576	-3,118	-51,694
Capital increase	4,970	21,725		-5	26,690		26,690
Business combinations			-180		-180	0	-180
Treasury shares			-356		-356		-356
Equity instruments			-9,910		-9,910		-9,910
Other changes			-69	4,185	4,116	751	4,866
Net profit in 2018				*123,133*	*123,133*	*1,899*	*125,032*
Impact of IAS 19 (actuarial gains and losses)			2,068		2,068	10	2,078
Measurement of hedging derivatives							
and free share plans (net of tax)			-3,205		-3,205		-3,205
Comprehensive income			*-1,137*	*123,133*	*121,996*	*1,909*	*123,904*
AT 31 DECEMBER 2018	**409,882**	**881,765**	**522,386**	**742,153**	**2,556,186**	**11,814**	**2,567,999**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The consolidated financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 14 March 2019 and were reviewed by the Audit Committee on 12 March 2019.

The Group and its subsidiaries are:

- companies operating long-term care nursing homes providing accommodation and care for elderly people who are unable to live at home due to their state of dependency. Their mission is to provide elderly people with dignified support and care, irrespective of their level of dependency, up until the end of their life;
- companies operating specialised clinics, which care for convalescent or disabled patients after an intensive care stay. Their purpose is to reduce physical and/or psychological disability or restore autonomy to help the patient return home and reintegrate their social and working environment;
- companies operating assisted living facilities offering the independent elderly an environment that suits their lifestyle, while facilitating social interaction;
- companies operating home care networks, which offer an alternative to hospitalisation;
- holding companies whose sole purpose is to hold equity interests in the aforementioned facilities;
- companies whose purpose is to own the facilities' premises.

NOTE 1 ACCOUNTING POLICIES

Declaration of compliance

The consolidated financial statements have been prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the balance sheet date. These standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), together with their interpretations, which are available on the European Union's website at: **https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en**.

The consolidated financial statements were prepared using the same accounting policies and methods that were used to prepare the consolidated financial statements for the year ended 31 December 2017, with the exception of the standards, amendments and interpretations that were compulsory as of 1 January 2018 and which the Group did not adopt in advance:

- IFRS 15 "Revenue from contracts with customer", amendment and "Clarification to IFRS 15", which replace standards IAS 11, IAS 18 and any related interpretations thereof;
- IFRS 9 on "Financial Instruments", which will replace IAS 39 on financial instruments;
- amendments resulting from the annual standards improvement processes for 2014-2016;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- amendments to IFRS 2 "Classification and measurement of share based payment transactions".

The introduction of these new standards has no material impact on the consolidated accounts for the year ended 31 December 2018.

IFRS 9 "Financial Instruments":

The Korian group applies the provisions of IFRS 9 pertaining to classification, measurement and impairment of financial instruments retrospectively as of 1 January 2018 without restatement of comparative periods. As regards specific hedge accounting rules, these are applied by the Group prospectively, as of 1 January 2018, with the exception of the time value of option premiums, for which retrospective application is required, in accordance with the provisions of IFRS 9.

IFRS 9 notably modifies:

- the criteria for the recognition of hedging transactions and the main accounting categories for financial assets and liabilities: in light of the nature of the Korian group's transactions, there was no material impact at the transition date;
- the recognition of credit risk in relation to financial assets, based on expected losses rather than on incurred losses: this notably requires the impairment of trade receivables not yet matured.

The Group also chose not to adopt the following new standards, amendments to standards and interpretations in advance:

- Standards and amendments adopted by the European Union and which become compulsory after 31 December 2018:
  - IFRS 16 "Leases", which introduces a new lease recognition model and will supersede IAS 17 and its related interpretations,
  - amendments to IFRS 9: "Prepayment features with negative compensation",
  - IFRIC 23 "Uncertainty over Income Tax Treatments";
- Standards, amendments and interpretations not adopted by the European Union at 31 December 2018:
  - amendments resulting from the annual IFRS improvement processes for 2015-2017,
  - amendments to IAS 19: "Modification, reduction or liquidation of a defined-benefits pension plan",
  - IFRS 17: "Insurance Contracts",
  - amendments to IAS 28: "Investments in associates and joint ventures".

IFRIC 23 "Uncertainty over income tax treatments":

IFRIC 23 clarifies the application of the requirements of IAS 12 "Income taxes" concerning recognition and measurement in the event of uncertainty over the treatment of income tax.

This interpretation is effective from 1 January 2019.

The application of this new standard will have no material impact on the Group's consolidated financial statements.

IFRS 16 "Leases":

The main impact of the application of standard IFRS 16 for the Group as lessee is the requirement that all leasing contracts be recognised on the balance sheet, without distinction between finance and operating leases. In accordance with IFRS 16, all contracts falling within the definition of a leasing contract must be recognised by the lessee as a right-of-use asset and a lease liability.

The Group has analysed its contracts with a view to:

- determining if these contain a leasing contract within the meaning of IFRS 16;
- establishing the main assumptions to be applied in measuring right-of-use and lease liability, particularly in respect of the duration of leasing contracts and the discount rate used to value the leasing liability.

Accordingly, liabilities in relation to real estate leasing contracts will be determined by the duration of those contracts, corresponding to the non-cancellable period, and, where applicable, any options for renewal that the Group is reasonably certain to implement.

The transitional provisions, and the initial estimated impact on the consolidated financial statements for 2019, are presented below:

The Group has applied this standard using the "modified retrospective" approach, which simplifies the calculation of certain first-time application impacts: (i) the lease liability is recognised as the present value of residual rental payments, as calculated at the lessee's incremental borrowing rate on the date of first application, (ii) the right-of-use asset is recognised either at an amount equal to the lease liability (adjusted for rents paid in advance and any provisions for loss-making contracts booked to the statement of financial position at 31 December 2018), or by calculating the book value, as if the standard had been applied from the effective leasing contract start date (but applying the incremental borrowing rate from the date of first application), (iii) contracts previously booked as finance leases remain recognised at their asset and liability value at 31 December 2018, (iv) the modified retrospective approach does not require comparative restatement of prior financial statements. However, the Group intends to restate 2018 data for financial communications purposes.

The Group used two capitalisation exemptions proposed under the standard, in respect of contracts with a duration of less than 12 months and contracts for properties with an individual replacement cost value of less than five thousand dollars.

The Group's key financial indicators are expected to see the following impacts:

- increase in EBITDA;
- increase in "Operating income", offset by the rise in "Cost of net debt";
- increase in net debt;
- increase in "Net cash generated from operations".

The application of IFRS 16 (excluding IAS 17 finance leases) should have the following estimated impact on the opening balance at 1 January 2019:

- the recognition of a right-of-use asset of between €2.7 billion and €3.0 billion;
- the recognition a lease liability of between €2.7 billion and €3.0 billion;
- a decrease in equity of less than €0.1 billion.

Lease commitments are described in detail in note 12.

Presentation of the financial statements

The Group's consolidated financial statements are prepared on an historical cost basis except for assets and liabilities, which are recorded at fair value in accordance with IFRS 9 (Note 9.2).

Current assets and liabilities are:

- held for use or sale as part of the normal business cycle;
- cash, cash equivalents or bank overdrafts;
- held primarily for trading purposes.

All other assets and liabilities are non-current.

The consolidated financial statements are presented in thousands of euros.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Korian, as well as those of its subsidiaries, for the period between 1 January and 31 December 2018.

Critical accounting estimates and judgements

To prepare the consolidated financial statements, the Group applies estimates and judgements that are regularly updated and which are based on historical experience and other factors, including expectations of future events deemed reasonable in view of the circumstances. For items on which assumptions and estimates are used, the results of tests on the sensitivity of accounting values to the main assumptions are provided in the relevant notes.

In preparing the financial statements, the Group made significant estimates and judgements on the following items:

Goodwill, intangible assets and property, plant and equipment

The values in use of intangible assets and plant, property and equipment are based on the Company's internal valuations and its medium-term business plan. The main valuation assumptions applied (medium-term growth rate, discount rate, margin and perpetuity growth rate) were estimated by the Group.

Liabilities related to commitments to purchase non-controlling interests are valued on the basis of information or situations existing at the date of preparation of the financial statements (medium-term business plan), which may prove to be different from actual outcomes.

The accounting value of assets is reviewed annually, and whenever events or circumstances indicate that they may have been impaired. Such events and circumstances may be due to material adverse changes of a lasting nature that affect either the economic environment or the assumptions and objectives used at the last balance sheet date.

Leases

Each leasing contract is individually reviewed. Leases are classified as finance leases when nothing suggests that the large majority of the risks and rewards incidental to ownership of the leased asset is transferred to the lessee and therefore that the Group is acting as if it were the owner of the leased property. All other contracts are deemed to be operating leases.

Employee benefits

The discounted value of the liabilities associated with employee benefits is calculated using various assumptions, such as the discount rate, the salary growth rate, employee turnover and the retirement age. Any change to these assumptions has an impact on the carrying amount of liabilities associated with employee benefits. Note 4 on "Personnel expenses" provides more information on this subject.

Financial instruments

Derivative financial instruments are measured at fair value. Note 9.6 "Derivative Instruments" describes the measurement of these instruments.

Currency conversion methods

No foreign currency transactions are reported in the consolidated financial statements as at 31 December 2018. All subsidiaries are located in the euro zone.

Eliminated transactions

Commercial and financial transactions and balances, and profits or losses on intercompany transactions are eliminated in the consolidated financial statements.

NOTE 2 SCOPE OF CONSOLIDATION

Accounting principles related to the scope of consolidation

Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Company. A subsidiary is considered to be controlled when the Company:

- has the power, directly or indirectly, to govern its operating and financial policies;
- obtains variable returns from its activities;
- has the ability to use its power to influence the amount of these returns.

In general, controlled companies are those in which Korian directly or indirectly holds more than 50% of the voting rights. The financial statements of subsidiaries are fully consolidated from the date on which the Company acquires effective control until such time as control is transferred outside the Group.

The consolidated financial statements include all of the subsidiary's assets, liabilities, income and expenses. Equity and income are shared between the owners of the Group and non-controlling interests.

Joint arrangements

This standard does not apply to any Group entity at 31 December 2018.

Associates

Associates are companies over which the Company directly or indirectly exercises significant influence over operating and financial policies, without having control. They are generally companies in which the Company directly or indirectly holds at least 20% of the voting rights.

The Group's interests in associates are consolidated using the equity method. The financial statements of associates are included in the consolidated financial statements from the date significant influence is obtained until the date when the Company ceases to have such influence.

The carrying amount of investments in associates consolidated using the equity method includes the acquisition cost of the investments (including goodwill) plus or minus changes in the Group's share of the associate's net assets after the acquisition date. The income statement reflects the Group's share of the results of the associate.

There are no investments consolidated using the equity method or other equity interests in joint ventures as at 31 December 2018.

Business combinations

a) Business combinations

In accordance with IFRS 3R, business combinations are subject to the following acquisition rules, as of the acquisition date:

- the identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date;
- non-controlling interests in the acquired business are measured either at fair value (*i.e.* with goodwill allocated to the non-controlling interests: the 'full goodwill method") or at the proportionate share of the fair value of the net identifiable assets of the acquired entity (*i.e.* with no goodwill allocated to non-controlling interests: the "partial goodwill method"). This option is available on a case-by-case basis for each business combination;
- acquisition costs are expensed when incurred and are recorded in the consolidated income statement under "Gain/(Loss) on acquisition and disposal of consolidated entities";
- any earn-out payments on business combinations are recognised at fair value at the acquisition date. After the acquisition date, contingent consideration is recognised at fair value at each balance sheet date. After a period of one year following the acquisition date, any change in fair value is recognised in income. Within this one-year period, any changes in fair value explicitly linked to events subsequent to the acquisition date are also recognised in income. Other changes are charged to goodwill.

At the acquisition date, goodwill is the difference between:

- the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, where a business combination takes place in several stages, the fair value at the acquisition date of the acquirer's previously held equity interest in the acquiree, which is recognised in the income statement; and
- the net balance of identifiable assets acquired and liabilities assumed at the acquisition date, measured at fair value.

Goodwill is not amortised. In accordance with IAS 36 "Impairment of Assets", goodwill is tested for impairment at least annually and more frequently if there is evidence of impairment. Testing procedures are described in note 7.5 "Impairment of property, plant and equipment, intangible assets and goodwill".

b) Commitments to purchase non-controlling interests entered into under business combinations

The following accounting treatment has been adopted in accordance with currently applicable IFRS standards and the recommendation of the French financial markets authority (AMF):

- on initial recognition, these commitments are recognised under "Other non-current debt" at the present value of the purchase price for commitments exceeding one year, offset by equity;
- any subsequent change in the value of the commitment is recognised by adjusting equity, on the grounds that it is a transaction between shareholders.

c) Acquisition of additional securities after exclusive control is obtained

When additional interests are acquired in an entity that is already exclusively controlled, the difference between the purchase price of these interests and the share of additional consolidated equity acquired is recognised in equity attributable to the owners of the Company. The carrying amount of the subsidiary's identifiable assets and liabilities, including goodwill, is left unchanged.

In the statement of cash flows, the acquisition of additional securities in a controlled entity is presented in net cash flows from/(used in) financing activities.

d) Additional purchases of securities leading to exclusive control of an entity previously under significant influence

The acquisition of exclusive control gives rise to the recognition of a gain/loss on disposal that is calculated on the entire investment at the date of the transaction. The share previously held is re-valued at fair value through income when exclusive control is obtained.

e) Sale of securities without loss of exclusive control

In the event of a partial sale of interests in an exclusively controlled entity that does not modify control of said entity, the difference between the fair value of the sale price of the interest and the share of consolidated equity that this interest represents at the date of disposal is recognised in equity attributable to owners of the Group's parent company. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is left unchanged.

f) Sale of securities with loss of exclusive control

The loss of exclusive control gives rise to the recognition of a gain/loss on disposal calculated on the entire investment at the date of the transaction. Any residual interest is therefore re-valued at fair value through income when exclusive control is lost.

Change in the consolidation scope

At 31 December 2018, the consolidation scope included, in addition to the parent company Korian SA, 503 fully consolidated companies (vs. 471 at 31 December 2017). The following significant changes in scope occurred in 2018.

Changes in scope – France

The company *Ages & Vie* was included in Korian's consolidation scope with effect from 1 January 2018. *Ages & Vie* was acquired in December 2017, notably involving the acquisition of a 70% interest in *Ages & Vie* Habitat and 53.13% of *Ages & Vie* Gestion. This acquisition was not included in the consolidation scope at 31 December 2017 due to the immaterial nature of earnings in 2017 and of their contribution to total consolidated assets at 31 December 2017.

In April 2018, Korian acquired full ownership of SAS CLINIDEV, which in turn has full ownership of SAS CliniDom, a hospital homecare company based in Clermont-Ferrand, offering highly specialised oncology-related care services. CliniDom became Korian's hospital home care (HHC) brand.

In May 2018, Korian acquired full ownership of long-term care nursing homes company Fontdivina as well as full ownership of property investment company La Méridienne. The Fontdivina facility has 74 healthcare beds, including a protected unit with 16 beds, and six assisted living apartments.

In December 2018, Korian acquired full ownership of Petits-Fils. This acquisition was not included in the consolidation scope at 31 December 2018 due to the immaterial nature of earnings in 2018 and of their contribution to total consolidated assets at 31 December 2018.

Changes in scope – Belgium

As of 1 January 2018, Korian fully consolidated the eight care homes acquired from Senior Assist in December 2017. This acquisition was not included in the consolidation scope at 31 December 2017 due to the immaterial nature of earnings in 2017 and of their contribution to total consolidated assets at 31 December 2017.

Senior Living Group acquired two new independent care homes: the Elckerlyck retirement home, with 77 beds, in January 2018, and the Bormanshof retirement home, with 36 beds, in March 2018.

In September 2018, Senior Living Group acquired a portfolio of 21 new care homes from Senior Assist, giving it additional capacity of 1,786 beds.

Changes in scope – Italy

In June 2018, Segesta SpA acquired 60% of Assisi Project SpA. Assisi Project operates the San Giuseppe hospital in the Florence region. It has 83 beds and provides specialist treatment for orthopaedic and locomotor disorders.

In August 2018, Segesta SpA acquired the company Smeralda SpA, which operates a 115-bed retirement home in Sardinia.

Changes in scope – Germany

In April 2018, Korian Deutschland acquired full ownership of Seniorheim an der paar Gmbh, operating in Aichach.

In July 2018, Korian Deutschland acquired full ownership of Kutlu Pflegeexperten, a home care specialist operating in the Munich region.

Material information on significant changes in scope

a) Impact on cash of acquisitions and disposals of subsidiaries and joint ventures

In thousands of euros	
Purchase price of subsidiaries [A]	**212,555**
Cash out/cash in [B]	198,563
Debt incurred [C]=[A]-[B]	**13,992**
Disposal price [D]	272
Cash acquired [E]	103,128
Cash disposed of [F]	332
IMPACT OF CHANGE IN SCOPE [G]=[E-F-B+D]	**-95,494**

b) Subsidiaries for which the purchase price allocation is final

The Group made a final allocation of the acquisition price of the facilities and companies acquired before 31 December 2017, in accordance with accounting standard IFRS 3R.

c) Subsidiaries acquired during the year

The table below shows the impact on the consolidated balance sheet of the financial position of the subsidiaries acquired and of the final allocation of their acquisition prices over the year.

In thousands of euros	Assets contributed	Liabilities contributed
Goodwill	92,682	
Intangible fixed assets	57,034	
Plant, property and equipment	286,442	
Financial assets	5,164	
Deferred tax assets	2,675	
Non-current assets	**443,947**	
Inventory	1,786	
Trade receivables and related accounts	20,001	
Other receivables and currents assets	12,286	
Current assets	**34,072**	
Non-controlling interests		**-180**
Provisions for pensions		53
Deferred tax liabilities		31,172
Other provisions		2,990
Borrowings and financial debt		263,421
Other non-current debt		13,530
Non-current liabilities		**311,166**
Provisions for less than one year		304
Trade payables and related accounts		31,674
Other liabilities and accruals		41,493
Borrowings due within 1 year		6,364
Derivative financial instruments		
Current liabilities		**79,835**
ASSETS CONTRIBUTED	**478,020**	
LIABILITIES CONTRIBUTED		**390,821**
Net contribution	87,199	

d) Subsidiaries sold

The Group only sold one subsidiary, in Belgium, over the course of the year ended 31 December 2018, with no significant impact.

Discontinued operations and assets held for sale

In accordance with IFRS 5:

- a discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and which (i) represents a separate major business line or geographical area, and (ii) is part of a single coordinated plan to dispose of a separate major business line or geographical area;
- discontinued operations are presented as a single amount in the income statement, together with an analysis of that amount;
- the Group's current and non-current assets and liabilities classified as held for sale are not offset, but are presented separately from other assets and liabilities on the balance sheet, on a single line (under assets and liabilities respectively). They are

included within the sub-total of current assets and liabilities, but are presented on a separate line at the bottom of the balance sheet.

These assets and groups of assets, and the related liabilities, are measured at the lesser of their carrying amount or estimated selling price, less selling costs.

Discontinued operations

None.

Assets held for sale

At 31 December 2018, no material asset in the process of being disposed of was classified as "held for sale".

Operating items

The income statement is presented by type of expense.

Operating income is calculated as the difference between income and expenses before tax, other than:

- financial items;
- the Group share of income from joint ventures with non-consolidated companies; and
- income from discontinued operations.

Employee profit sharing is included in personnel expenses.

EBITDA – operating income

EBITDA consists of the Group's current income and expenses. It therefore provides an indicator of its operating performance.

Revenue consists primarily of services provided in connection with the accommodation and care of residents, regardless of the origin of the payment.

It is recognised in step with the provision of services.

Revenue for the year ended 31 December 2018 totalled €3,334 million, an increase of €203 million relative to the previous year.

EBITDA – operating expenses

In thousands of euros	31.12.2018	31.12.2017
Purchases used in the business	265,142	252,633
Personnel expenses	1,722,110	1,616,472
External expenses	765,428	734,538
Income tax and other taxes	103,083	98,024
Other operating income and expenses	-3,655	6,727
TOTAL OPERATING EXPENSES	**2,852,108**	**2,708,395**

External expenses totalled €765.4 million in 2018 and included €396.1 million in property and equipment leasing expenses. In 2017, external expenses amounted to €734.5 million and included €380.7 million in property and equipment leasing expenses.

Working capital requirement

Change in working capital requirement

The working capital requirement consists of the following items:

In thousands of euros	31.12.2018	31.12.2017	Change on the balance sheet	Change in consolidation scope	Other non-cash flows	Change in WCR
Inventory	17,113	10,402	6,711	1,786	150	4,775
Trade receivables and related accounts	235,611	191,219	44,393	19,803	11,590	13,000
Other receivables and currents assets	192,666	212,230	-19,564	12,281	-21,439	-10,406
Trade payables and related accounts	315,111	267,333	47,779	31,609	-11,796	27,965
Other liabilities and accruals	635,523	640,176	-4,654	41,266	-42,477	-3,443
WORKING CAPITAL REQUIREMENT	**505,244**	**493,658**	**11,586**	**39,005**	**-44,573**	**17,153**

Current assets

a) Inventories

Inventories are valued at the lesser of cost or net realisable value. The cost of inventories of raw materials, goods and other supplies consists of the purchase price excluding taxes, less discounts, rebates and other deductions obtained, plus incidental costs of purchase (transport, unloading charges, customs duties, purchasing commissions, *etc.*). These inventories are measured using the First In/First Out (FIFO) method.

Inventories came to €17.1 million at 31 December 2018, up €6.7 million on 31 December 2017. This increase was primarily attributable to WIP inventory, at €3.5 thousand, and changes in scope, at €1.8 thousand.

b) Trade receivables

Trade and other receivables are recognised at their nominal value, namely the fair value on the date of initial recognition.

In accordance with IFRS 9, impairment of receivables is as they arise. The amount of provisions taken hinges both on the actual loss recognised in prior financial years and the risks assessments conducted on the receivables in each country in which the Group operates.

The impairment of trade receivables as at 31 December 2018 breaks down as follows:

In thousands of euros	Receivables not due at 31.12.2018	From 0 to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 4 years	More than 4 years	Total at the end of the period
Trade receivables	126,422	82,345	17,805	15,458	12,345	11,497	265,873
Impairment	-234	-2,847	-1,908	-6,144	-8,370	-10,759	-30,261
NET AMOUNT	**126,189**	**79,498**	**15,897**	**9,314**	**3,975**	**738**	**235,611**

Using the statistical method, the impairment of trade receivables at 31 December 2017 breaks down as follows:

In thousands of euros	Receivables not due at 31.12.2018	From 0 to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 4 years	More than 4 years	Total due at 31.12.2018
Trade receivables	97,181	75,595	17,103	15,213	10,696	10,207	225,995
Impairment		-541	-4,373	-10,009	-10,579	-9,275	-34,777
NET AMOUNT	**97,181**	**75,053**	**12,730**	**5,205**	**117**	**932**	**191,219**

The change in net receivables is mainly due to changes in consolidation scope.

c) Other receivables and currents asset

Other receivables and current assets consist of the following:

In thousands of euros	31.12.2018	31.12.2017
Tax receivables	61,881	66,052
Social security receivables	4,021	4,757
Advances and down payments	6,177	4,115
Prepaid expense	33,221	25,402
Other debtors	86,208	110,020
VALUE OF OTHER RECEIVABLES	**191,508**	**210,347**

In thousands of euros	31.12.2018	31.12.2017
Loans		
Deposits and guarantees	1,131	430
Other financial assets	27	1,453
Value of other current financial assets	**1,157**	**1,883**
TOTAL OTHER CURRENT FINANCIAL ASSETS (NET)	**192,666**	**212,230**

"Other receivables" consists mainly of accrued income and other receivables.

d) Trade payables, other payables and accruals

Trade and other payables are recorded at historical cost (representing the amortised cost).

Trade payables and related accounts	31.12.2018	31.12.2017
Trade payables	315,111	267,333
TOTAL	**315,111**	**267,333**

Other liabilities and accruals	31.12.2018	31.12.2017
Residents' deposits	63,051	63,074
Suppliers of non-current assets	32,459	46,755
Advances and down payments on orders	26,067	20,251
Tax liabilities	60,777	64,330
Social security liabilities	244,313	236,698
Dividends payable	38	22
Other liabilities	148,722	148,370
Deferred income	60,097	60,676
TOTAL	**635,523**	**640,176**

Other liabilities include €90.5 million in unfavourable contracts, which were valued when allocating the acquisition prices for the acquired entities.

NOTE 3 SEGMENT INFORMATION

Operating segment

IFRS 8 requires the disclosure of sector information based on the components of the Group reviewed and measured by the Group's management. These segments (operating sectors) are identified on the basis of internal reports that are regularly reviewed by the Group's operational management when deciding to allocate resources to these segments and when assessing their results.

Korian group is organised into four operating sectors, each of which corresponds to a country in which the Group operates (France, Germany, Belgium and Italy).

The Group's operational management monitors the indicators shown in the table below, particularly revenue and EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent).

Operating segments at 31.12.2018 *In thousands of euros*	Total of all activities	France	Germany	Belgium	Italy
Revenue and other income	**3,336,484**	**1,644,360**	**912,723**	**436,171**	**343,230**
EBITDAR (1)	**873,184**	**444,808**	**234,509**	**112,813**	**81,054**
	26.2%	*27.1%*	*25.7%*	*25.9%*	*23.6%*
Transition from EBITDAR to operating income at 31 December 2018:					
EBITDAR	**873,184**				
External rents	-396,118				
Depreciation, amortisation and provisions	-163,298				
Gain/(Loss) on acquisition and disposal of consolidated entities	-7,282				
Other operating income and expenses	-7,225				
Operating income	**299,262**				

Operating segments at 31.12.2017 *In thousands of euros*	Total of all activities	France	Germany	Belgium	Italy
Revenue and other income	**3,135,169**	**1,583,396**	**882,132**	**362,563**	**307,078**
EBITDAR (1)	**820,939**	**435,568**	**220,562**	**93,048**	**71,761**
	26.2%	*27.5%*	*25.0%*	*25.7%*	*23.4%*
Transition from EBITDAR to operating income at 31 December 2017:					
EBITDAR	**820,939**				
External rents	-380,710				
Depreciation, amortisation and provisions	-157,029				
Gain/(Loss) on acquisition and disposal of consolidated entities	-2,959				
Other operating income and expenses	3,062				
Operating income	**283,303**				

(1) EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent), as defined on page 2 of the Consolidated Financial Statements at 31 December 2018 as earnings from operations before rental expenses and related costs.

NOTE 4 PERSONNEL EXPENSES

4.1 Personnel expenses

In thousands of euros	31.12.2018	31.12.2017
Wages and salaries	1,274,004	1,196,256
Social security contributions	436,888	404,919
Employee profit sharing	11,217	15,298
TOTAL	**1,722,110**	**1,616,472**

4.2 Personnel commitments

The Group's obligation in respect of defined benefit plans is limited to the contributions it pays into the plan. These contributions are expensed in the period in which they are incurred. Where applicable, a provision is recorded for contributions that remain to be paid for the period.

In the case of a defined benefit plan (post-employment benefits and other long-term benefits), the Group makes a provision on the balance sheet that represents its obligation at the date the financial statements were issued.

The Group's obligation is measured at each balance sheet date using the projected unit credit method in accordance with IAS 19 (each period of service entitling to an additional unit of benefit and each of these units being measured separately to obtain the overall obligation to employees), and using actuarial assumptions that are periodically reviewed.

In some cases, some of the Group's obligations may be covered by external funds. In such cases, the corresponding provision is the difference between the value of the calculated obligation and the value of these assets at the date the financial statements were issued.

Except for the discount rate, the actuarial assumptions (*i.e.* employee turnover, mortality, wage and salary growth, and retirement age) vary in accordance with the demographic and economic conditions of the country in which the benefits plan is established.

Since the countries in which the Group operates are all in the euro zone, the Group uses a single discount rate at each balance sheet date. This rate is based on the rate paid by AA-rated corporate bonds with a maturity of at least 10 years (source: iBoxx index).

There are three components to the cost of a post-employment benefit plan:

- the employee's cost of service is recognised in profit and loss. This includes the cost of services rendered during the period, the cost of past services resulting from an amendment to, or reduction in, the plan and which is recognised in profit and loss in the period in which it was incurred, and any gains or losses upon settlement;
- the financial component (the net interest expense) is recognised in financial income and is the result of the accretion of the obligations, net of the expected return on the hedging assets, which is measured using the same discount rate that is used to measure the obligations;
- actuarial gains and losses are recognised as non-recyclable items of comprehensive income, and represent the increase or decrease in obligations and hedging assets resulting from a change in actuarial assumptions and from experience adjustments, which account for the difference between the expected outcome of certain actuarial assumptions used for prior measurements and the observed outcome.

The accounting treatment of long-term benefit plans is identical to that of post-employment benefits, except for the effects of remeasurement, which are recognised in profit and loss and included in the financial component.

In France

a) Lump-sum retirement benefits

Lump-sum retirement benefits are defined post-employment benefits and are subject to the national collective bargaining agreement for the private hospital sector. When employees retire, the Company pays them a lump-sum benefit, the amount of which depends on their final salary and the number of years they have worked for that Company.

b) Long-service awards and bonuses

In some cases, the collective bargaining agreements of the Group's French companies may provide for the payment of a bonus when a long-service award is granted or simply the payment of a long-service bonus. These benefits are treated as long-term benefits under IAS 19.

c) Supplementary pension plans

The Group has not granted employees any supplementary pension plans in addition to the minimum statutory pension.

In Germany

Company collective bargaining agreements provide for the granting of long-service bonuses. These benefits are treated as long-term benefits under IAS 19.

In Belgium

The Group does not have any material retirement commitments under Belgian law.

In Italy

The TFR *(Trattamento di Fine Rapporto)* plan is a defined benefits plan that is subject to article 2120 of the Italian Civil Code. Under this plan, each period of work entitles the employee to a payment that is not paid directly to the employee except under certain circumstances (when leaving the Company, upon death or when making certain property investments). In some cases, the TFR plan may be outsourced to a third party (under a defined contributions plan) or is borne directly by the employer (under a defined post-employment benefits plan).

In thousands of euros	Lump-sum retirement benefits	Work anniversary bonus	Long-service awards	Total France	TFR Italy	Total Germany	Total
1. Change in provision for 2018							
Provision at 31 December 2017	**49,123**	**1,681**	**449**	**51,252**	**13,520**	**5,600**	**70,373**
Interest expense	551	21	9	580	159	54	794
Cost of services	5,969	206	69	6,244	357	1,572	8,172
Curtailment gain	-2,090	0	0	-2,090	0	0	-2,090
Benefits paid incl. social security charges	-2,052	-103	-92	-2,247	-792	-1,322	-4,362
Change in consolidation scope excl. benefits paid	**2,378**	**124**	**-15**	**2,487**	**-276**	**304**	**2,515**
Actuarial gains/(losses) on long-term benefit schemes	0	-88	29	-59	0	0	-59
Expense recognised 2018	**2,378**	**36**	**14**	**2,427**	**-276**	**304**	**2,455**
Actuarial gains/(losses) OCI	-2,244	0	0	-2,244	-780	30	-2,994
First-time consolidations	43	0	0	43	891	0	935
Provision at 31 December 2018	**49,300**	**1,717**	**462**	**51,479**	**13,355**	**5,935**	**70,769**
2. Sensitivity to discount rate							
Effect of an increase in the discount rate of +0.5%	46,854	1,660	450	48,964	11,976	5,638	66,578
Effect of an decrease in the discount rate of -0.5%	52,374	1,778	475	54,628	13,547	6,232	74,407

		Lump-sum retirement benefit – France	Long-service awards & bonuses – France	TFR – Italy	Long-service bonuses & pensions – Germany
Main assumptions					
Discount rate		1.67%	1.67%	1.67%	1.35%
Salary growth rate		2.00%	N/A	2.00%	2.00%
Mortality table		TGHF05	TGHF05	ISTAT 2013	Destatis 13/15
Retirement age of “cadres”	Born in 1950 and before	63.0	63.0	66.7	65.0
	Born between 1951 and 1952	64.0	64.0	66.7	65.0
	Born in 1953 and after	64.0	64.0	66.7	65.0
Retirement age of “non-cadres”	Born in 1950 and before	60.0	60.0	66.7	65.0
	Born between 1951 and 1952:	61.0	61.0	66.7	65.0
	Born in 1953 and after	62.0	62.0	66.7	65.0
Type of retirement		voluntary	voluntary	voluntary	voluntary

4.3 Share-based payment

Share-based payment transactions are treated in accordance with IFRS 2, whether settled in shares or cash. Pursuant to this standard, share-based transactions, such as free share allocation plans and performance units granted to employees and corporate officers are deemed to be benefits that must be recognised as expenses in the income statement over the vesting period.

The Korian group has implemented two such payment plans:

- "Equity Settled" plans, in which payment is made in Korian shares and where the recognised expenses are offset by an increase in equity. The fair value per unit of the instruments granted under such plans is calculated on the basis of Korian's share price on the day of allocation less the dividends expected over the vesting period. The number of equity instruments granted may be reviewed over the vesting period in the event that "non-market" performance conditions are not expected to be met or according to the beneficiary turnover rate;
- "Cash Settled" plans, in which payment is to be settled in cash and where the recognised expenses are offset by the recognition of a liability for an equivalent amount. These plans are revalued at fair value at each accounts closing date.

The fair value of options and rights was determined by an external expert using valuation models taking into account the plan's characteristics, observed market data on the allocation date and assumptions selected by the Group's management.

2016 Performance units plan

On 14 September 2016, on the recommendation of the Compensation and Appointments Committee the Board of Directors approved a long-term variable compensation plan for the benefit of certain members of General Management, including the Chief Executive Officer, to reward them for achieving the objectives of the five-year strategic plan. Under this plan "performance units" are granted, with one performance unit entitling its beneficiary to one Korian share (or its value in cash), subject to the terms and conditions indicated below:

- the vesting period is from 14 September 2016 to 30 June 2019 (the "Vesting Date");
- the entitlement to and the payment of the vested performance units is subject to the condition that the beneficiary is still a salaried employee or corporate officer of a Korian group company on the Vesting Date (with the usual exemptions in the event of death, retirement or disability);
- for each beneficiary, the number of units vested will depend on the rate of fulfilment of their performance targets based on 2018 sales and 2018 EBITDA under the Group's five-year strategic plan Korian 2020, and also on Korian's stock-market performance relative to the SBF 120 over the vesting period;
- the units will be redeemed by each beneficiary's employer as follows:
  - 50% of the total value of the vested units will be redeemed in Korian shares, the number of which will be determined on the basis of the average closing share price over the 20 trading days preceding the Vesting Date, and
  - the remaining 50% of the total value of the vested units will be redeemed in cash.
- it is nonetheless understood that the Board of Directors reserves the right to modify the above 50/50 proportion in respect of the units granted to the Chief Executive Officer, who may in turn modify this proportion in respect of the units granted to the other beneficiaries who are members of General Management;
- upon completion of the vesting period, the shares received in payment of the units may be sold or otherwise transferred, subject to the obligation for corporate officers and corporate officers of related companies to keep 25% of the shares they receive in payment for the performance units throughout their term of office;
- the total value of the vested performance units cannot exceed 100% of the annual gross fixed and variable remuneration (in respect of those granted to the Chief Executive Officer) and 150% of the annual gross fixed and variable remuneration (in respect of the other beneficiaries who are members of General Management);
- Korian reserves the right to redeem all or some of the vested units in cash, at a unitary value that is equivalent to the average closing price of the Korian share over the 20 trading days preceding the Vesting Date.

  At 31 December 2018, there were 108,990 free shares available under this plan (assuming all shares are converted) subsequent to the departure of certain beneficiaries in 2018.

Pursuant to IFRS standards, the cost of the performance units plan is €1,762 thousand (excluding social security charges) at 31 December 2018.

The 2017 Free Shares Plan

On 18 July and 13 September 2017, with authorisation from the General Meeting of 22 June 2017, the Board of Directors approved a free shares plan for certain members of General Management. This plan provides for the allocation of up to 340,615 shares in the Company, subject to the fulfilment of performance conditions relating to 2019 sales and 2019 EBITDA per share in respect of the Korian 2020 strategic plan, and to Korian's share price performance relative to the SBF 120 over the vesting period.

Under the authority granted by the Board of Directors, the Chief Executive Officer, after selecting the beneficiaries, determined that there were a total of 340,615 Korian shares to be granted under this plan.

The allocation of these free shares will vest and their ownership will be transferred to their beneficiaries on 4 August 2020 or on 13 September 2020, depending on the grant date, subject to continued employment and performance conditions. Once vested, the shares may be freely disposed of, except by corporate officers, which will have an obligation to hold at least 25% of these shares.

At 31 December 2018, a maximum of 296,613 shares remain available for allocation under this plan, subsequent to the departure of certain beneficiaries. Pursuant to IFRS standards, the cost of this plan is €3,518 thousand (excluding social security charges) at 31 December 2018.

The 2018 Free Shares Plan

On 14 June and 12 September 2018, with authorisation from the General Meeting of 14 June 2018, the Board of Directors approved a free shares plan for certain employees and corporate officers of the Korian group subject to the fulfilment of performance conditions relating to 2020 revenue and 2020 EBITDA per share and to Korian's share price performance relative to the SBF 120 over the vesting period.

In accordance with the powers delegated by the Board of Directors, the Chief Executive Officer, after selecting the beneficiaries, noted that 126,017 shares in the company were granted under this plan.

The allocation of these free shares will vest and their ownership will be transferred to their beneficiaries on 30 June, 12 September and 19 October 2021, subject to continued employment and performance conditions. Once vested, the shares may be freely disposed of, except by corporate officers, which will have an obligation to hold at least 25% of these shares.

At 31 December 2018, there were 121,837 free shares available under this plan, subsequent to the departure of certain beneficiaries in 2018.

Pursuant to IFRS standards, the cost of this plan is €1,214 thousand (excluding social security charges) at 31 December 2018.

In millions of euros	2015 Free share plan	2016 Performance units plan	2017 Free share plan	2018 Free share plan	Total
A. Plan characteristics					
Allocation conditions	Free	Free	Free	Free	
Continued employment conditions	Yes	Yes	Yes	Yes	
Performance conditions	Yes	Yes	Yes	Yes	
Vesting date	31.03.2018	30.06.2019	04.08.2020	30.06.2021	
Number of outstanding units	3,762	108,990	296,613	121,837	531,202
Accounting expense for 2015 excluding social security charges	127	N/A	N/A	N/A	127
Accounting expense for 2016 excluding social security charges	216.33	261	N/A	N/A	477
Accounting expense for 2017 excluding social security charges	83.83	510.51	759	N/A	1,354
Accounting expense for 2018 excluding social security charges	**-187**	**677**	**961**	**198**	**1,649**
B. Change in number of outstanding units					
Number of units initially allocated	90,649	146,358	340,615	126,017	703,639
Number of units cancelled in 2014	0	0	0	0	0
Number of units cancelled in 2015	28,378	0	0	0	28,378
Number of units cancelled in 2016	24,418	7,785	0	0	32,203
Number of units cancelled in 2017	4,081	6,228	6,520	0	16,829
Number of units cancelled in 2018	30,010	23,355	37,482	4,180	95,027
NUMBER OF OUTSTANDING UNITS	**3,762**	**108,990**	**296,613**	**121,837**	**531,202**
Number of units vested	**3,762**	**0**	**0**	**0**	**3,762**
C. IFRS 2 measurement					
Share price on the grant date	30.00	31.70	31.60	27.12	
Expected volatility	24.60%	29.80%	28.78%	30.34%	
Annual dividend	0.6	0.6	0.6	0.6	
Risk-free interest rate	0.10%	-0.60%	-0.47%	-0.60%	
IFRS 2 FAIR VALUE OF PLAN EXCLUDING SOCIAL SECURITY CHARGES	**240**	**1,762**	**3,518**	**1,214**	**6,734**
Equity settled component	*240*	*950*	*3,518*	*1,214*	*5,922*
Cash settled component	*0*	*812*	*0*	*0*	*812*

On the dates the plans were allocated, the expected volatility of Korian's share price was estimated on the basis of its historic volatility over the same period as that of the plans.

NOTE 5 OTHER OPERATING INCOME AND EXPENSES

"Other operating income" and "Other operating expenses"

These items represent the impact of major events during the accounting period that could skew the interpretation of the performance, particularly of EBITDAR, the Group's preferred indicator for financial communication purposes.

To facilitate the interpretation of operational performance, these income and expense items, which are relatively few and infrequent, are presented separately in the income statement.

They mainly consist of:

- gains or losses on disposals and substantial and unusual impairment of non-current intangible assets and of property, plant and equipment;
- certain restructuring or merger expenses, consisting solely of restructuring costs that may distort current operating income due to their unusual nature and size;
- other operating income and expenses such as substantial provisions to cover disputes.

Gain/(Loss) on acquisition and disposal of consolidated entities

In thousands of euros	31.12.2018	31.12.2017
Securities acquisition costs	-6,959	-2,959
Gain/(loss) on disposal of consolidated entities	-323	
GAIN/(LOSS) ON ACQUISITION AND DISPOSAL OF CONSOLIDATED ENTITIES	**-7,282**	**-2,959**

Other operating income and expenses

In thousands of euros	31.12.2018	31.12.2017
Share of sale and leaseback *gain*	3,837	3,837
Gain/(loss) on disposal of non-current assets	-1,141	-354
Other operating income/Other operating expenses	-9,921	-421
TOTAL INCOME (EXPENSES)	**-7,225**	**3,062**

NOTE 6 GOODWILL, INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

6.1 Goodwill

In thousands of euros	31.12.2018	31.12.2017
Gross goodwill at start of period	**2,218,729**	**2,175,429**
Changes in scope	42,001	104,125
Definitive allocation of goodwill	50,856	-60,825
Contingent consideration	236	
GROSS GOODWILL AT END OF PERIOD	**2,311,822**	**2,218,729**
Impairment at the start of the period		
Impairment during the period		
Impairment at the end of the period		
Net goodwill at start of period	**2,218,729**	**2,175,429**
NET GOODWILL AT END OF PERIOD	**2,311,822**	**2,218,729**

Goodwill is valued in accordance with the accounting principles described in note 2. Impairment tests performed on the goodwill resulted in the recording of no impairment. Impairment tests were performed using the method described in paragraph 6.5 "Impairment of intangible assets, property, plan, and equipment, and goodwill" in the present Note.

Change in goodwill

In thousands of euros	Group	France	Germany	Belgium	Italy
Net goodwill at start of period	**2,218,729**	**1,177,736**	**666,624**	**142,603**	**231,766**
Changes in scope	106,581	23,021	5,076	67,707	10,777
Definitive allocation of goodwill	-13,487	8,925		11,242	-33,654
NET GOODWILL AT END OF PERIOD	**2,311,822**	**1,209,681**	**671,700**	**221,552**	**208,889**

The allocation of goodwill primarily corresponds to the recognition of the following assets: licences, property complexes and leases.

In France:

- the final allocation of the acquisition price of *Ages & Vie* (€8.9 million);
- the impact of the preliminary acquisitions of CliniDom and Fontdivina.

In Belgium, the change in goodwill is attributable to:

- the final allocation of the acquisition prices of Bombay, Foyer de Lork, Oase, Senior Assist HomeCare and of the last portfolio of 21 facilities acquired from Senior Assist (€11.2 million);
- the impact of the preliminary acquisitions of Bormanshof, New Tramontane and Oslo.

In Italy, the change is attributable to:

- the final allocation of the 2017 acquisitions of Frate Sole, Il Ronco and Macotte (€33.7 million);
- the final allocation of the Assisi Project SpA and Smeralda transactions in 2018.

In Germany, the change is attributable to:

- the impact of the acquisitions of Seniorheim An der Paar and Kutlu Pflegeexperten.

6.2 Intangible assets

Measurement of intangible assets

Intangible assets are recorded at their acquisition cost. The operating licences acquired through business combinations are measured at fair value at the acquisition date, using a multi-criteria approach taking into account the characteristics of the facility, such as a revenue multiple, and the cash flow arising from the acquisition business plan.

They are not subsequently revalued. Most intangible assets are comprised of operating licences, which are non-amortisable assets with indefinite lives. In some cases, they may be impaired if their recoverable value falls below their accounting value.

In France, although licences are granted for a period of 15 years and tripartite agreements are signed for a period of five years, no amortisation is recognised in the consolidated financial statements. This market position in the sector stems from the fact that operating licences can only effectively be withdrawn if the Group fails to comply with the conditions imposed by regulators for the operation of this type of facility, including compliance with minimum standards of care, which is verified through compliance inspections.

Germany does not have a system of administrative licences for the operation of facilities, which are essentially subject to technical standards. Therefore, operating rights do not meet the definition of an identifiable intangible asset. However, prices are regulated by the supervisory authorities, and business growth depends on the relationships established with them.

In Belgium, at both the federal and regional levels regulations represent a substantial barrier to entry in long-term care nursing home market. An operating licence must be granted and accommodation rates are controlled.

In Italy, national regulations impose minimum structural requirements. Each region transposes these regulations into local rules. Italian facilities undergo inspections by the supervisory authorities under agreements entered into with such authorities.

In thousands of euros	Licences	Other	Total
Gross value at the start of the period	**1,679,846**	**219,071**	**1,898,918**
Changes in scope	50,389	15,250	65,639
Disposals		-872	-872
Acquisitions		24,228	24,228
Transfers		5,131	5,131
Gross amount at the end of the period	**1,730,235**	**262,808**	**1,993,043**
Total amortisation at the start of the period	**11,489**	**127,715**	**139,204**
Changes in scope		11,763	11,763
Disposals		-761	-761
Amortisation and impairment	-617	21,314	20,697
Transfers		-679	-679
Total amortisation at the end of the period	**10,872**	**159,352**	**170,224**
Net accounting value at the start of the period	**1,668,358**	**91,357**	**1,759,714**
NET ACCOUNTING VALUE AT THE END OF THE PERIOD	**1,719,363**	**103,456**	**1,822,819**

The valuations of licences are shown in the following table:

In thousands of euros	France	Belgium	Italy	Total
Gross value at the start of the period	1,277,880	199,730	202,235	1,679,846
Impairment	11,489			11,489
Net accounting value at the start of the period	**1,266,391**	**199,730**	**202,235**	**1,668,357**
Gross amount at the end of the period	1,280,292	203,774	246,170	1,730,235
Impairment	10,872			10,872
NET ACCOUNTING VALUE AT THE END OF THE PERIOD	**1,269,420**	**203,774**	**246,170**	**1,719,363**

No single licence represents a significant amount for the Group.

Impairment tests on licences resulted in the recording of net reversal of €617 thousand at year end, for a very small number of facilities.

Impairment tests were performed using the method described in paragraph 6.5 "Impairment of intangible assets, plant, property and equipment, and goodwill" of the present Note.

6.3 Property, plant and equipment

a) Measurement of property, plant and equipment

Property, plant and equipment are initially measured at acquisition cost. Property, plant and equipment acquired as part of a business combination are measured at fair value at the acquisition date.

At each balance sheet date, the purchase cost is reduced by the accumulated depreciation and any provisions for impairment that may have been recorded using the method described in paragraph 6.5 "Impairment of intangible assets, property, plant and equipment, and goodwill" of Note 6.

b) Component approach

The main components of a non-current asset that has a useful life that is shorter than that of the asset itself must be identified so that it may be depreciated over its specific useful life.

When a component is replaced, the expense corresponding to the new component is capitalised, provided that future economic benefits are still expected to be derived from the main asset.

c) Finance leases

Property, plant and equipment acquired under finance leases, which transfer most of the risks and rewards incidental to ownership of the leased asset to the Group, are recognised as assets on the balance sheet at the lesser of the fair value of the leased asset or the present value of minimum lease payments. The corresponding liability is recorded in financial liabilities.

Lease payments are apportioned between the financial expense and the amortisation of the outstanding liability so as to obtain a constant periodic rate of interest on the balance owed on the liability.

Assets that are leased under a finance lease are depreciated over their useful lives in accordance with the rules applied by the Group (see section on the depreciation of property, plant and equipment). If an indication of impairment is observed, these assets are subjected to an impairment test using the method described in paragraph 6.5 "Impairment of intangible assets, property, plant and equipment, and goodwill" of the present Note.

Sale-and-leaseback transactions, which involve selling an asset and immediately leasing it back under a lease contract, require the following additional treatment: the capital gain is recorded in deferred revenue to be allocated to future profit or loss, over the term of the lease.

Leases where the lessor retains most of the risks and rewards of owning the asset are classified as operating leases. Payments made under operating leases are expensed using the straight-line method over the term of the lease.

d) Maintenance and repair costs

Maintenance costs of a recurring nature or that do not meet the criteria of the component approach are expensed when incurred.

e) Work carried out on leased buildings

Work carried out on buildings under operating leases is the subject of a depreciation schedule for each component over the property's useful life.

f) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method over the useful lives set out below. Land is not depreciated. Useful lives are indicated in the table below.

Class	Useful life	Method
Structure	60 years	Straight line
Construction components	From 7 to 30 years	Straight line
Technical facilities	From 5 to 15 years	Straight line
Other improvements, fixtures and fittings	From 3 to 5 years	Straight line
Medical equipment	From 2 to 10 years	Straight line
Equipment and furniture	From 2 to 10 years	Straight line
Software	From 1 to 3 years	Straight line
Transport equipment	5 years	Straight line

g) Investment subsidies

Investment subsidies are deducted from the gross carrying amount of the corresponding investment. They are reversed when the investment is depreciated.

h) Borrowing costs

Pursuant to IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset.

The capitalised borrowing rate corresponds to the average cost of the Group's debt after hedging.

Borrowing costs for 2018 totalled €792 thousand. In 2017, they came to €1,309 thousand.

In thousands of euros	Land	Buildings	Plant and machinery	Other	In construction and advance payments	Total
Gross value at the start of the period	**181,768**	**1,995,907**	**387,278**	**515,590**	**59,320**	**3,139,863**
Changes in scope	31,282	289,215	17,621	19,279	19,350	376,747
Disposals	-9,868	-43,008	-10,920	-9,659	-907	-74,362
Acquisitions	6,825	50,404	20,254	21,491	130,288	229,263
Transfers	9,993	44,359	5,684	18,702	-79,437	-700
GROSS AMOUNT AT THE END OF THE PERIOD	**220,000**	**2,336,877**	**419,917**	**565,403**	**128,614**	**3,670,811**
Total amortisation at the start of the period	**2,016**	**591,981**	**291,771**	**304,656**	**5,586**	**1,196,010**
Changes in scope	0	35,540	13,944	11,665		61,149
Allowances	333	89,846	28,156	33,234	4,702	156,271
Disposals		-10,888	-10,310	-8,958	-4,377	-34,534
Other	123	-408	-20	-98	-113	-516
TOTAL AMORTISATION AT THE END OF THE PERIOD	**2,472**	**706,070**	**323,541**	**340,498**	**5,798**	**1,378,379**
Net accounting value at the start of the period	**179,752**	**1,403,926**	**95,507**	**210,933**	**53,734**	**1,943,851**
NET ACCOUNTING VALUE AT THE END OF THE PERIOD	**217,528**	**1,630,807**	**96,375**	**224,905**	**122,816**	**2,292,431**

The main changes in 2018 are attributable to:

- the net value of changes in consolidation scope:
  - in France: €64.9 million,
  - in Germany: €19.0 million,
  - in Belgium: €203.8 million,
  - in Italy: €46.6 million;
- acquisitions of fixed assets:
  - in France: €170.8 million,
  - in Germany: €11.4 million,
  - in Belgium: €17.0 million,
  - in Italy: €30.0 million.

The gross value of property, plant and equipment held under finance leases was €1,361 thousand at 31 December 2018; the net value was €986 thousand (see Note 12).

6.4 Change in cash flows from investing activities

Cash flows arising from purchases of property, plant and equipment and intangible assets break down as follows:

	31.12.2018	31.12.2017
Acquisitions of intangible assets	-24,228	-11,254
Change in debt/acquisitions of intangible assets	599	-579
Acquisitions of property, plant and equipment	-229,263	-176,055
Neutralisation of IAS 17 impact	1,510	
Change in debt/acquisitions of PPE	-13,215	-790
PAYMENT FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**-264,596**	**-188,678**

6.5 Impairment of intangible assets, property, plant and equipment and goodwill

The book values of assets are reviewed periodically:

- for non-amortisable intangible non-current assets (operating licences) and goodwill: at each balance sheet date, or more frequently if there are signs of impairment;
- for all other assets: as soon as signs of impairment are observed.

Two types of impairment indicators may trigger impairment testing:

- external indicators (*e.g.* market value and significant changes in the business environment);
- internal indicators (*e.g.* a decrease in the occupancy rate, a change in regulations, asset obsolescence and weaker-than-expected performance).

Depending on the type of asset, impairment testing is performed either on cash-generating units (**CGU**) or on a group of CGU (goodwill).

A CGU is a uniform group of assets that generates cash more or less independently of other CGU.

The recoverable amount of a CGU is the greater of the fair value less exit costs and the value in use. The fair value of a CGU is measured using observed recent market data.

The value in use applied by the Group is the value of the future economic benefits expected from the use and disposal of the CGU. This is calculated on the basis of future cash flows, as based on the economic assumptions and estimated operating conditions applied by Group management, according to the following principles:

- pre-tax cash flows are based on Group's revised budget for the current year, as prepared by the Management Control department and approved by the Board of Directors;
- the discount rate is determined from the Group's weighted average cost of capital;
- the average discount rates are 6.5% for France, 6.0% for Germany, 6.5% for Belgium and 7.5% for Italy;
- the average growth rate used is 1.75%;
- the business plan applied is the Group strategic plan.

First-level impairment testing

Intangible assets and property, plant and equipment are tested for impairment at the CGU to which they are allocated. Prior to 31 December 2017, the CGU were considered to be nursing homes or clinics.

Since end 2017, and as a result of changes in its market and business sectors, the Group has changed its organisation and the way in which it manages and steers its operations, such that it notably takes account of the interdependence of cash flows between facilities and the potential to exploit licences at provincial or regional level, in connection with French Regional Health Authorities (ARS). Accordingly, the Group chose to group the CGU, for each type of business activity (care home or clinic), by territorial area: with one CGU per province in France, and one per region in Italy and Belgium.

The purpose of first-level testing is to check that the recoverable value of the CGU (which is the greatest of its useful value and its fair value) is at least equal to its net accounting value.

Over the period, the first-level impairment tests resulted in a provision reversal of €0.6 million.

Second-level impairment testing

The second-level of impairment testing, which includes goodwill, is conducted on a group of CGUs that constitute the Group's operating segments, *i.e.* France, Germany, Belgium and Italy. The purpose of second-level testing is to check that the recoverable amount of each segment is at least equal to the Group's consolidated net assets (including goodwill) for that segment.

If any impairment is identified, it is first applied to goodwill (as this impairment is irreversible) and if goodwill is insufficient, then to the value of the licences and property, plant and equipment.

No need to impair goodwill was identified.

At a perpetuity growth rate of 1.5% and a discount rate of 7.0% for the French CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

At a perpetuity growth rate of 1.5% and a discount rate of 6.5% for the German CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

At a perpetuity growth rate of 1.5% and a discount rate of 7.0% for the Belgian CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

At a perpetuity growth rate of 1.5% and a discount rate of 8.0% for the Italian CGU, the recoverable value of the assets tested exceeds the net accounting value and no impairment is necessary.

NOTE 7 EQUITY

There are no rights, privileges or restrictions attached to the shares comprising the share capital. Nor are any shares reserved for issue under options or contracts for the sale of shares.

At 31 December 2018, the Group had registered capital of €409,882,125, consisting of 81,976,425 fully paid-up shares, all of the same class, with a par value of €5 each.

Following shareholder approval at the 2018 General Meeting, the Company distributed a dividend of €0.60 per share, with the option to receive payment in shares (based on a share price of €26.90). The dividend pay-out for the financial year amounted to €48.6 million, of which 55% in shares.

In June 2017, the Group issued undated bonds.

In addition, on 17 September 2018, the Group issued €60 million in unlisted hybrid perpetual bonds for a single private investor. This bond carries no right to acquire Korian's share capital.

In addition, the €60 million unlisted hybrid perpetual bond issued to a single private investor in June 2017 was redeemed on 19 November 2018.

In accordance with IAS 32, these hybrid financial instruments were recognised as equity instruments, net of interest and issue costs, amounting to €297.8 million at 31 December 2018.

Treasury shares

Treasury shares held by the Group are recorded at acquisition cost and deducted from equity until they are cancelled or sold. Proceeds from the sale of treasury shares are recognised in equity. Any capital gains or losses or impairments therefore have no effect on the consolidated income.

NOTE 8 PROVISIONS

A provision is recognised when, at the end of the period, the Group has a present obligation (legal or constructive) and it is probable that an outflow of resources that do not embody future economic benefits will be required to settle it.

Provisions are discounted if the effect of time is material. Increases in the provision due to the passage of time are recognised as financial expenses.

A provision for restructuring can only be made if the restructuring was publicly announced and a detailed restructuring plan has been drawn up or restructuring is underway at the balance sheet date.

A provision is set aside for disputes (*e.g.* employee industrial disputes, tax audits, commercial disputes) if the Group has a liability towards a third party at the balance sheet date. The amount of the provision reflects the best estimate of future expenditures.

Non-current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**67,169**	**49,986**	**36,723**	**153,878**
Allowances	6,902	14,630	13,411	34,492
Used	-599	-3,003	-14,426	-18,028
Reversals	-36,780	-15,573	-4,028	-56,381
Changes in scope		208	2,783	2,990
Reclassifications	40	70	-1,529	-1,418
CLOSING BALANCE	**36,731**	**46,317**	**32,933**	**115,984**

Current provisions

In thousands of euros	Tax	Social contributions	Other	Total
Opening balance	**95**	**12,063**	**-498**	**11,660**
Allowances	2,259	959	2,619	5,837
Used	-285	-2,980	-2,316	-5,581
Reversals	-985			-985
Changes in scope			304	304
Reclassifications			1,247	1,247
CLOSING BALANCE	**1,084**	**10,043**	**1,355**	**12,482**

Main risks and disputes

Risks relating to operating disputes ("Other" column)

Provisions for operating disputes mainly have to do with healthcare funding (the "care allowance").

Tax disputes

Provisions for tax disputes provide a reserve against tax adjustments and tax disputes for which the amounts have been contested. The provisions represent the best estimate of the risk at 31 December 2018.

Employee-related disputes

The provisions set aside cover employee disputes and employment termination benefits. No individual dispute represents a significant amount.

To the best knowledge of the Company and its legal advisors, there are no disputes that are liable to have a material impact on the Group's business, results or financial position for which provisions have not been made.

NOTE 9 FUNDING AND FINANCIAL INSTRUMENTS

9.1 Net financial result

Net financial income consists of net borrowing costs and other financial income items.

The gross borrowing cost is the interest expense on bank loans, bonds and financial lease contracts.

The other financial income items are primarily the cost of the Group's hedges, the amortisation of capitalised issue expenses, amortisation in connection with the renegotiation and restructuring of debt and hedging instruments, bank fees and charges paid (including factoring expenses), and the financial cost of employee benefits.

In thousands of euros	31.12.2018	31.12.2017
Cost of gross debt	**-100,063**	**-98,448**
Cost of hedging	-5,952	-6,598
Income from cash & cash equivalents	21	18
Cost of net debt	**-105,995**	**-105,028**
Bank fees and commissions	-7,230	-7,412
Impact of restructuring and hedging	-236	-297
Capitalised financial expenses – borrowing costs and issue premiums	-4,857	-5,911
Other financial expenses	-6,279	-5,630
Other financial income	2,973	3,740
Other items of financial income	**-15,629**	**-15,509**
NET FINANCIAL INCOME	**-121,623**	**-120,537**

9.2 Financial assets and liabilities

9.2.1 Financial assets

Financial assets comprise:

- non-current financial assets: investments in unconsolidated companies, related receivables, guarantees and security deposits granted;
- current financial assets, which include short-term financial derivative instruments and cash and cash equivalents (marketable securities).

In accordance with IFRS 9, financial assets are classified in one of the following three categories:

- financial assets recognised at amortised cost;
- financial assets recognised at fair value in other comprehensive income;
- financial assets recognised at fair value in income.

Measurement and recognition of financial assets

Financial assets are initially measured at fair value, which is generally equal to the acquisition cost.

Loans and receivables

This category combines other loans and receivables. These are recognised on the balance sheet at amortised cost.

Trade receivables and related accounts

Trade receivables are recognised on the balance sheet at amortised cost.

An impairment provision is recognised for the expected losses over the life of the receivable.

Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash at bank and in hand) and short-term, highly liquid investments that are readily convertible into known amounts of cash and are exposed to an immaterial risk of change in value (short-term deposits with an initial term of less than three months and euro-denominated money market funds classified in the AMF's "short-term money market fund" category).

Short-term investments are recognised at market value at each balance sheet date.

Categories of financial assets

The table below shows the size of financial instruments in proportion to the Group's consolidated assets.

This table presents a breakdown of financial instruments recognised at fair value by measurement method. The different levels of fair value are defined as follows:

- level 1: prices are quoted on an active market;
- level 2: observable data other than quoted prices on an active market (financial models);
- level 3: unobservable data.

In thousands of euros	2018	Financial assets at amortised cost	Financial assets recognised at fair value in income				Financial assets recognised at fair value in other comprehensive income	Fair value measurement		
			Cash and cash equivalents	Non-consolidated equity investments	Derivatives ineligible for hedge accounting	Impact of counterparty default risk – Credit Value Adjustment	cash flow hedging derivatives	Level 1 Active markets	Level 2 Observable data	Level 3 Non-observable data
Non-current assets										
Non-consolidated equity investments	21,811			21,811						21,811
Other non-current assets	35,485	35,485								
Financial assets	**57,296**	**35,485**		**21,811**						**21,811**
Current assets										
Trade receivables and related accounts	**235,611**	**235,611**								
Other receivables	191,508	191,508								
Deposits and guarantees	1,157	1,157								
Other receivables and current financial assets	**192,666**	**192,666**								
Derivative instruments – assets	**3,213**					**-174**	**3,387**		**3,213**	
Marketable securities	92,951		92,951					92,951		
Cash and cash equivalents	457,410		457,410							
CASH AND CASH EQUIVALENTS	**550,361**		**550,361**					**92,951**		

The accounting value of financial assets is considered to be their fair value.

9.2.2 Financial liabilities

The table below shows the amounts of financial instruments as a share of the Group's consolidated liabilities.

This table presents a breakdown of financial instruments recognised at fair value by measurement method. The different levels of fair value are defined as follows:

- level 1: prices are quoted on an active market;
- level 2: observable data other than quoted prices on an active market (financial models);
- level 3: unobservable data.

			Financial liabilities at fair value through P&L			Financial liabilities recognised at fair value in other comprehensive income	Fair value measurement		
							Level 1	Level 2	Level 3
In thousands of euros	2018	Financial liabilities at amortised cost	Fair-value hedging instruments	Derivatives ineligible for hedge accounting	Impact of counterparty default risk – Debit Value Adjustment	cash flow hedging derivatives	Active markets	Observable data	Non-observable data
Non-current liabilities									
Loans from credit institutions	1,343,108	1,343,108							
Funding of real estate debt	1,516,515	1,516,515							
Employee profit sharing	40	40							
Other financial liabilities	1,432	1,432							
Borrowings and financial debt	**2,861,096**	**2,861,096**							
Commitment to buy out non-controlling interests	32,132	32,132							
Current liabilities									
Loans from credit institutions	273,181	273,181							
Funding of real estate debt									
Bank overdrafts	7,757	7,757							
Other financial liabilities	132,009	132,009							
Borrowings < 1 year and bank overdrafts	**412,948**	**412,948**							
Derivative instruments – liabilities	**16,136**			**729**	**-660**	**16,067**		**16,136**	
Trade payables and related accounts	**315,111**	**315,111**							
Residents' deposits	63,051	63,051							
Other liabilities	572,472	572,472							
OTHER LIABILITIES AND ACCRUALS	**635,523**	**635,523**							

The accounting value of financial liabilities is equal to their fair value.

9.3 Net financial debt

Net borrowings (current and non-current)

Interest-bearing loans are initially measured at fair value less associated transaction costs. These costs (bond issue premiums and fees) are included in the calculation of amortised cost using the effective interest method.

At each balance sheet date, financial liabilities are then measured at their amortised cost using the effective interest method.

Borrowings are broken down into:

- current liabilities, which are due within 12 months of the balance sheet date; and
- non-current liabilities, which are due in more than 12 months.

In thousands of euros	31.12.2018	31.12.2017
Borrowings from credit institutions and financial markets	1,724,166	1,581,065
Real estate debt	1,516,515	1,130,832
o/w IAS 17 debt excluding sale and leaseback	*674,880*	*645,542*
o/w real estate debt in respect of financial counterparties	*841,636*	*485,290*
Other financial liabilities	25,606	132,074
Bank overdrafts	7,757	6,787
Financial liabilities (A)	**3,274,044**	**2,850,758**
Marketable securities	92,951	292,842
Cash	457,410	217,747
Cash (B)	**550,361**	**510,589**
Cash provided as collateral (C)	-	-
NET DEBT (A)-(B)-(C)	**2,723,683**	**2,340,169**

Breakdown of financial debt by interest rate category

In thousands of euros		31.12.2018	31.12.2017
Fixed rate	59%	1,935,511	1,540,869
Variable rate	41%	1,338,533	1,309,889
TOTAL		**3,274,044**	**2,850,758**

At 31 December 2018, the share of variable-rate borrowings in Group financial debt was 41%. The Group has financial instruments to hedge against fluctuations in interest rates. It uses standard derivative instruments (interest rate swaps, caps, floors, *etc.*).

Including financial instruments classified as cash flow hedges, 70% of variable-rate borrowings were hedged at 31 December 2018.

Debt secured by guarantees such as collateral, a mortgage or lease accounted for 19.1% of gross borrowings.

Change in borrowings [1]

In thousands of euros	31.12.2017	New borrowings	Repayments	Changes in scope	Other	31.12.2018	Current	Non-current
Borrowings	2,711,897	762,087	-427,050	82,769	110,978	3,240,681	381,057	2,859,623
Employee profit sharing	40					40		40
Loans and other borrowings	132,034	35,594	-136,300	104,532	-110,294	25,566	24,133	1,432
TOTAL BORROWINGS	**2,843,972**	**797,682**	**-563,350**	**187,301**	**684**	**3,266,286**	**405,191**	**2,861,096**
o/w non-current	2,497,818	655,785	-19,256	180,806	-454,057	2,861,096		
o/w current	346,153	141,896	-544,094	6,494	454,741	405,191		

In thousands of euros	New borrowings in 2018	Cash	Non-cash	Repayments in 2018	Cash	Non-cash
Borrowings	762,087	682,092	79,995	-427,050	-431,972	4,922
Loans and other borrowings	35,594	15,733	19,861	-136,300	-106,345	-29,955
TOTAL BORROWINGS	**797,682**	**697,825**	**99,857**	**-563,350**	**-538,317**	**-25,033**

Breakdown of financial debt by maturity

In thousands of euros	31.12.2018	31.12.2017
< 1 year	419,282	352,940
Short-term financial liabilities	**419,282**	**352,940**
1 to 5 years	1,837,451	1,654,200
> 5 years	1,017,311	843,618
Non-current financial liabilities	**2,854,762**	**2,497,818**
TOTAL	**3,274,044**	**2,850,758**

Change in Group net debt at 31 December 2018

On 31 December 2018, net debt was €2,723 million, which is €383 million more than on 31 December 2017.

Net financial debt, excluding real estate debt, was €1,206 million, compared with €1,209 million on 31 December 2017.

The increase in real estate debt from €1,131 million at the end of 2017 to €1,517 million on 31 December 2018 is attributable to the increase in the property ownership ratio, in accordance with the Group's strategy, and to the consolidation of the acquisitions made in Belgium in 2018.

At 31 December 2018, the Group's gross borrowings consisted of:

- a €400m syndicated loan;
- €1,324 million in bonds placed with private investors and borrowings from credit institutions;
- €33 million in other loans and financial debt, of which €18 million in Negotiable European Commercial Paper (NEU CP) and €8 million in bank overdrafts;
- €1,517 million in real estate debt. These borrowings primarily consists of:
  - debts with financial counterparties, including €309 million in leases,
  - €533 million in real estate backed loans, of which €96 million in NEU CP secured by real estate as bridge financing,
  - long-term finance leases under IAS 17 at €675 million.

The Group had €550 million in net cash at the end of the year.

(1) Excluding bank overdrafts for €7,757 thousand.

Bank covenants at 31 December 2018

The Group's syndicated loan and the *Schuldschein* and Euro PP bonds are subject to banking covenants. Banks and bond-holders are informed of the evolution of the covenant criteria respectively semi-annually and annually.

	Korian ratio	Maximum/minimum ratio authorised at 31 December
Adjusted leverage ratio (syndicated loan)	3.0×	< 4.5×
Secured debt ratio (EuroPP SSD)	2.3×	> 1.5×

Sensitivity analysis of financial expenses

When hedging instruments are taken into account, financial expenses at the balance sheet date would increase by the following amounts in response to a 0.5% change in market interest rates over one year:

- a 0.5% increase (50 basis points) would increase the Group's financial expense by €0.7 million;
- a 0.5% decrease (50 basis points) would increase the Group's financial expense by €0.4 million.

9.4 Non-current financial assets

Financial assets consist of:

- non-current financial assets: investments in unconsolidated companies, related receivables, loans for construction projects, and guarantees and security deposits granted;
- current financial assets, which include short-term financial derivative instruments and cash and cash equivalents (marketable securities).

Initial measurement

Financial assets are initially measured at fair value, which is generally equal to the acquisition cost.

Classification and measurement at the balance sheet date

In accordance with IFRS 9, financial assets are classified in one of the following three categories:

- financial assets recognised at amortised cost;
- financial assets recognised at fair value in other comprehensive income;
- financial assets recognised at fair value in income.

Measurement and recognition of financial assets:

Financial assets are initially measured at fair value, which is generally equal to the acquisition cost.

Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash at bank and in hand) and short-term, highly liquid investments that are readily convertible into known amounts of cash and are exposed to an immaterial risk of change in value (short-term deposits with an initial term of less than three months and euro-denominated money market funds classified in the AMF's "short-term money market fund" category).

Short-term investments are recognised at market value at each balance sheet date.

Financial assets for which changes in fair value are recognised in income

This asset class includes:

- assets held for trading, *i.e.* acquired by the Company to obtain short-term gains;
- derivative instruments that are not expressly designated as hedging instruments.

Marketable securities (open-ended investment funds with variable capital, mutual investment funds, *etc.*) are measured at fair value on the balance sheet date, and changes in fair value are recorded under financial income. Fair value is determined primarily with reference to quoted market prices.

Loans and receivables

Loans and receivables are mainly comprised of non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

For the Group, this category comprises trade and related receivables and subsidised 1% housing loans for employees (which are immaterial).

The amortised cost of short-term receivables typically corresponds to their nominal value.

9.4.1 Non-current financial assets

Change

In thousands of euros	Gross amount	Impairment	Net amount
Carrying amount at start of period	**55,406**	**1,236**	**54,170**
Additions	10,461		10,461
Repayments	-1,762		-1,762
Changes in scope	-4,775		-4,775
Other movements	-798		-798
CARRYING AMOUNT AT END OF PERIOD	**58,532**	**1,236**	**57,296**

Non-consolidated equity investments				**31.12.2018**	**31.12.2017**
Company	**% interest**	**Gross amount**	**Impairment**	**Net amount**	**Net amount**
SCI Le Perreux	22%	61		61	61
Furtado Gestion	0%	248	248		
NJ Start		610	610		
Eternis		99	99		
Demeure St Émilion	5%	105	105		
Bretagne Retraite		217		217	217
Other non-consolidated equity investments		21,533		21,533	22,410
Ages & vie					*10,553*
Complementary Senior Assist facilities					*11,857*
Petits-Fils		*21,517*		*21,517*	
Other		*16*		*16*	
TOTAL NON-CONSOLIDATED EQUITY INVESTMENTS		**22,873**	**1,062**	**21,811**	**22,688**

At 31 December 2018, non-consolidated equity investments notably consisted of shares in Petit-Fils, of which Korian acquired full ownership in December 2018.

Other non-current financial assets	**31.12.2018**	**31.12.2017**
Security deposits	34,349	31,469
Loans	-	-
Other non-current securities	1,136	14
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**35,485**	**31,482**
Available-for-sale investments	21,811	22,688
TOTAL NON-CURRENT FINANCIAL ASSETS	**57,296**	**54,170**

9.4.2 Transfer and use of financial assets

The analysis of the risks and rewards, as defined by IFRS 9, resulted in the derecognition by the Group of practically all of the receivables assigned under these factoring programmes.

Under factoring contracts, contracts covering the assignment of receivables concluded solely in Italy are used to assign a portion of the receivables of certain subsidiaries to a group of financial institutions, involving the transfer of most of the risks and rewards attached to the receivables assigned (*pro soluto* factoring).

Receivables assigned by the Italian subsidiaries are sold at their nominal value less an initial charge of between 0.3% and 0.6%, recorded in other expenses, to which interest at the EURIBOR rate plus a margin is added and recorded as a financial expense.

The total amount of receivables assigned and derecognised in 2018 was €127,052 thousand. The disposal of these receivables in 2018 resulted in a loss of €1,075 thousand.

Breakdown of receivable assigned (PROSOLUTO)	2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Receivables assigned	128,544	31,118	32,830	30,801	33,795
Receivables collected	128,127	30,034	32,534	30,990	34,569
Fees for management and recovery of assigned receivables	-496	-127	-113	-120	-136
Corresponding financial expense	-579	-169	-161	-115	-134
Gain/(Loss) on assignment	**-1,075**	**-296**	**-274**	**-235**	**-270**
NET CASH RECEIVED	**127,052**	**29,738**	**32,260**	**30,755**	**34,299**

9.5 Cash and cash equivalents

In thousands of euros	31.12.2018	31.12.2017
Marketable securities	92,951	292,842
Cash and cash equivalents	457,410	217,747
TOTAL	**550,361**	**510,589**

Marketable securities comprise term deposits or euro-denominated open-ended investment funds with variable capital (SICAV) classified in the AMF's "short-term money market fund" category. Pursuant to IAS 7, they are highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

9.6 Derivative instruments

The Group uses derivative financial instruments (swaps and caps) to hedge against the interest rate risk arising from its variable-rate financing policy.

These derivative financial instruments are measured at fair value, which is determined by using valuation models that incorporate market parameters at the balance sheet date.

For financial derivatives that qualify as hedges for accounting purposes:

- if the derivative is classified as a fair value hedge, changes in the value of the derivative and the hedged portion of the risk are recognised in profit or loss over the same period;
- if the derivative is classified as a cash-flow hedge, the change in value of the effective portion of the derivative is recognised in equity. It is recognised in profit or loss when the hedged item itself is recognised in profit or loss. By contrast, the ineffective portion of the change in the value of the derivative is recognised directly in profit or loss.

For derivatives that do not satisfy the qualifying criteria for hedge accounting, any gain or loss arising from changes in fair value is recognised directly in financial income for the period.

The fair value of derivative instruments is recognised in current assets and current liabilities.

The market value of instruments that were purchased to hedge interest rate risk at 31 December 2018 is -€12.9 million, after adjustment for counterparty default risk.

The sensitivity of the market value of derivatives to a change in market interest rates, before adjustment for counterparty default risk, was as follows at the balance sheet date:

- the effect of a 0.5% (50 basis points) increase in interest rates would increase the market value to +€1.1 million;
- the effect of a 0.5% (50 basis points) decrease in interest rates would decrease the market value to -€28.6 million.

The table below shows the items of income, expenses, gains and losses recognised in profit or loss and in equity before deferred taxes in 2018 for each category of financial instrument.

In thousands of euros	Impact on equity	Impact of hedging on profit or loss	Impact of undocumented items on profit or loss	Impact of counterparty default risk
Financial instruments eligible for hedge accounting	-6,415	-130		
Financial instruments ineligible for hedge accounting			386	
TOTAL	**-6,415**	**-130**	**386**	**140**

Assets	31.12.2017	Newly consolidated companies	Deconsolidated companies	Change	31.12.2018
Interest rate swaps	2,309			-2,309	0
Options	2,710		-47	724	3,387
Total hedging instruments – Assets	**5,018**		**-47**	**-1,584**	**3,387**
Interest rate swaps					
Options	1			-1	
Total ineligible financial instruments – Assets	**1**			**-1**	
Total impact of counterparty default risk – Credit Value Adjustment	**-128**			**-46**	**-174**
TOTAL FINANCIAL INSTRUMENTS – ASSETS	**4,891**		**-47**	**-1,632**	**3,213**

Liabilities	31.12.2017	Newly consolidated companies	Deconsolidated companies	Change	31.12.2018
Interest rate swaps	11,939	3,466	-538	-443	14,424
Options		1,518		0	1,518
Total hedging instruments – Liabilities	**11,939**	**4,984**	**-538**	**-443**	**15,942**
Interest rate swaps	949			-219	730
Options	292			-167	125
Total ineligible financial instruments – Liabilities	**1,241**			**-386**	**855**
Total impact of counterparty default risk – Debit Value Adjustment	**-474**			**-186**	**-660**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES	**12,706**	**4,984**	**-538**	**-1,016**	**16,136**
NET TOTAL	**7,815**	**4,984**	**-491**	**616**	**12,924**

NOTE 10 TAX

Deferred taxes are recorded, using the balance sheet liability method, on temporary differences between the tax base of assets and liabilities and their carrying value existing at the balance sheet date, and on tax losses. No deferred tax liabilities are recognised on goodwill. Deferred taxes are calculated for each entity.

Deferred tax assets are recorded when it is likely that the Group will generate future taxable income against which unused tax losses can be offset.

Deferred taxes are calculated for each entity. They are offset when the tax is payable to the same tax authority and relates to the same taxable entity, *i.e.* tax consolidation group.

Most of the Group's deferred taxes arise from the recognition of operating licences (intangible non-current assets) acquired during business combinations.

Deferred tax assets and liabilities are measured at the income tax rate that is expected in the year when the asset is to be realised or the liability is to be settled, on the basis of the applicable tax regulations and using the tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred and current taxes are recognised as income or expense in profit or loss, unless they relate to a transaction or event that is recognised directly in equity.

Deferred taxes are presented on the balance sheet under specific headings recorded under non-current assets and non-current liabilities.

At 31 December 2018, the timing differences between French, Belgian and Italian entities were recorded at the rates most recently voted:

- in France: at 25.83%, effective in 2022;
- in Italy: at 27.90% since 1 January 2017, a base rate (IRES) of 24%, to which is added a complementary contribution of between 3.9% and 4.9% depending on the region;
- in Belgium: at 25.00%, effective in 2020;
- the corporate tax rates in Germany were 15.3% or 30.33% depending on the type of company.

Since the Group considers that the French corporate value added tax (*cotisation sur la valeur ajoutée des entreprises* – CVAE) component of the economic territorial contribution (*contribution économique territoriale* – CET) meets the definition of an income tax under IAS 12, it recognises it as such in the consolidated financial statements in respect of the French subsidiaries.

Accrued income of €32,300 thousand from the competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi* – CICE) was recognised and will be deducted from personnel expenses.

10.1 Income tax

10.1.1 Tax expense analysis

In thousands of euros	31.12.2018	31.12.2017
Current taxes	-60,785	-68,909
Deferred tax	8,178	72,474
INCOME TAX EXPENSE/(GAIN)	**-52,606**	**3,564**

In accordance with IFRS rules, the income tax expense at 31 December 2018 includes a net charge of €20,911 thousand for the CVAE.

10.1.2 Reconciliation between the actual and the theoretical income tax expense

In thousands of euros	31.12.2018	31.12.2017
Net profit/(loss) attributable to the Group's owners	123,133	163,324
Non-controlling interests	1,899	3,007
Income tax expense	52,606	-3,564
Profit/(loss) before tax	**177,638**	**162,766**
Theoretical tax rate	34.43%	34.43%
Theoretical income tax expense	**61,161**	**56,040**
Permanent differences	-2,959	-2,481
Impact of non-deductible financial expenses	4,150	4,820
Tax losses for the year not activated	1,472	2,681
Use of tax losses not activated	-3,448	-1,840
Adjustment of prior-year deferred taxes	372	2,419
Tax at the reduced rate	-1,638	-161
Income tax of foreign companies	-4,235	-439
Impact of CVAE net of tax in France	13,711	6,367
Impact of CICE in France	-11,135	-12,662
Impact of IRAP in Italy	1,002	833
Impact of tax-exempt earnings	-6,588	6,487
Difference between parent Group and subsidiary tax rates	-1,178	1,910
Impact of the corporate tax rate change in the future	1,920	-67,538
ACTUAL TAX EXPENSE	**52,606**	**-3,564**
Effective tax rate	*29.61%*	*-2.19%*

10.2 Deferred taxes

10.2.1 Net change in deferred taxes

In thousands of euros	31.12.2018	31.12.2017
Opening balance	423,571	490,578
Expense/(income)	-8,178	-72,474
Change in consolidation scope	28,278	8,312
Charged to equity	-550	-1,821
Other changes	34	-1,024
CLOSING BALANCE	**443,155**	**423,571**

10.2.2 Breakdown of deferred taxes

In thousands of euros	31.12.2018	31.12.2017
Intangible fixed assets	402,288	386,107
Plant, property and equipment	160,103	161,581
Temporary differences on CVAE	6,586	6,977
Financial instruments	-4,718	-2,612
Tax loss carry-forwards	-7,896	-4,971
Pension provisions	-13,047	-13,618
Other provisions	-7,673	-8,020
Other temporary differences	-14,138	-16,939
Other assets/liabilities	-78,350	-84,933
NET DEFERRED TAXES (LIABILITIES)	**443,155**	**423,571**

NOTE 11 EARNINGS PER SHARE

Net earnings per share are calculated by dividing the Group's consolidated net income by the weighted average number of shares outstanding during the period.

Diluted net earnings per share are calculated on the assumption that all outstanding dilutive options are exercised using the "treasury stock method" defined in IAS 33 "Earnings per Share".

	31.12.2018	31.12.2017
Net profit/(loss) attributable to the Group's owners *(in thousands of euros)*	123,133	163,324
Weighted average number of shares *(in thousands)*	81,484	81,484
EARNINGS PER SHARE *(IN EURO)*	**1.51**	**2.00**
Net profit/(loss) attributable to the Group's owners *(in thousands of euros)*	123,133	163,324
Weighted average number of shares *(in thousands)*	81,484	81,484
Adjustments for stock options	6,475	6,475
Average number of shares used for calculation of diluted earnings per share	87,959	87,959
DILUTED EARNINGS PER SHARE *(IN EURO)*	**1.40**	**1.86**

NOTE 12 COMMITMENTS AND CONTINGENT LIABILITIES

Disputes

To the best knowledge of the Company and its legal advisors, there are no disputes that are liable to have a material impact on the Group's business, results or financial position for which provisions have not been made at 31 December 2018.

Finance leases

In thousands of euros	31.12.2018	31.12.2017
Net accounting value of assets under financial leases	**986,227**	**939,754**
Leasing commitments by term:		
• less than 1 year	64,629	69,561
• from 1 to 5 years	293,240	266,224
• more than 5 years	626,123	586,596
TOTAL COMMITMENTS	**983,992**	**922,381**

Operating leases

In thousands of euros	31.12.2018	31.12.2017
Minimum non-cancellable lease payments due		
• less than 1 year	345,884	358,291
• from 1 to 5 years	1,271,250	1,196,890
• more than 5 years	1,674,114	1,920,274
TOTAL COMMITMENTS	**3,291,248**	**3,475,455**

NOTE 13 POST BALANCE SHEET EVENTS

As part of the Group's expansion drive, the following events have occurred since 31 December 2018:

- Korian strengthened its position in France, with the acquisition of Omega group, which specialises in care for the elderly and is located in the south-west of France. Omega group has a presence in all segments of the elderly care sector. It has 14 long-term care nursing homes in the Nouvelle Aquitaine and Occitania regions of France and in Spain, as well as three assisted living facilities (two of which are still under construction and will open in 2019 and 2020), with a total of around 1,000 beds. It also manages nine home-based care and services agencies. Omega group generated revenue of €40 million in 2018.

  This acquisition consolidates Korian's presence in the Nouvelle Aquitaine and Occitania regions, in which it is already firmly established with 54 long-term care nursing homes, 22 post-acute and rehabilitation clinics and two home hospital care facilities;
- in Germany, Korian acquired **Schauinsland**, which operates six long-term nursing care homes in the federal state of Baden-Württemberg, with a total capacity of around 420 beds. The company, which generated revenue of around €17 million in 2018, has also developed a home-based care services offering. Korian is the leading private nursing home operator in Germany, with a network of 230 retirement homes, and this acquisition will strengthen its position in Baden-Württemberg, which is a particularly vibrant region, providing cutting-edge elderly care services;
- in Spain, the Group announced the acquisition of **Seniors**, a Spanish company operating seven high-end long-term care nursing homes based around Malaga, in Andalusia, giving it a diversified portfolio of around 1,300 beds, including assisted living and day-care facilities. Seniors generated revenue of around €15 million in 2018. It is renowned for the quality of its service and harbours substantial growth potential, notably with three facilities still in ramp-up phase. This acquisition gives Korian a foothold in the Spanish market, which is already the fourth-largest market in the sector in Europe and in which the Group intends to actively pursue its expansion by drawing on the strength of Seniors' experienced management.

NOTE 14 OTHER INFORMATION

14.1 Related-party transactions

Korian's policy for the compensation of its Company Officers is compliant with the AFEP-MEDEF Corporate Governance Code for Listed Companies (November 2016 version) (the "AFEP-MEDEF Code"). In compliance with the AFEP-MEDEF Code, the compensation of Company Officers is determined by the Board of Directors on the recommendation of the Compensation and Appointments Committee.

	31 December 2018	31 December 2017
In euros	**Amounts paid**	**Amounts paid**
Chief Executive Officer as of 26 January 2016		
Fixed annual compensation	450,000	450,000
Variable annual compensation (1)	427,500	483,000
Benefits in kind	12,516	6,229
TOTAL	**890,016**	**939,229**
Chairman of the Board as of 26 January 2016		
Fixed annual compensation	345,000	345,000
TOTAL	**345,000**	**345,000**

(1) For the past fiscal year, this is the variable annual compensation paid for the previous year.

14.2 Dividends approved and proposed

	Per share *(in euro)*	**Total** *(in thousands of euros)*
Total payout in 2018 (for fiscal year 2017)	0.60	48,590
DIVIDENDS PROPOSED TO THE 2019 GENERAL MEETING (FOR FISCAL YEAR 2018)	**0.60**	**49,186**

14.3 Statutory auditors' fees

Pursuant to decree No. 2008-1487, the following table presents the statutory auditor fees for the 2018 fiscal year for all consolidated companies.

In thousands of euros	Mazars 2018	EY 2018	Mazars 2017	EY 2017
Statutory auditors				
Issuer	307	334	223	223
Fully consolidated companies	1,156	1,260	1,026	1,144
Sub-total	**1,463**	**1,594**	**1,249**	**1,367**
Other services	124	135	230	11
Sub-total	**124**	**135**	**230**	**11**
TOTAL	**1,586**	**1,729**	**1,479**	**1,378**

Other services primarily concern due diligence missions conducting in relation to acquisitions made over the period considered.

14.4 List of the Group's consolidated entities

All of the German subsidiaries listed below and which are included on the consolidated balance sheet are, in accordance with articles 264 paragraph 3 and 264b of the German Code of Commerce (*Handelsgesetzbuch* – HGB), exempt from the obligation under article 325 of said Code to publish individual and consolidated accounts for fiscal year 2018.

The Group's parent company is Korian SA.

The percentages indicated below are the percentages of interest.

FC: full consolidation

EM: Equity method

M: Merger

TUP: *transmission universelle de patrimoine*

14.4.1 France

Legal entity		
KORIAN SA		
MEDIDEP FONCIER	100	FC
SOCIETE IMMOBILIÈRE JANIN	100	FC
KORIAN SANTE	100	FC
ABILONE	100	FC
SCI KORIAN IMMOBILIER	100	FC
JONGKIND	100	FC
KORIAN DOMICILES	100	FC
SANTÉ-MARKETING ET STRATÉGIE	100	FC
LA MOULINIÈRE	100	FC
KORIAN PARTENAIRE	100	FC
SCI LA SOURCE	100	FC
PRIVATEL	100	FC
HOLDING HOSPITALIÈRE DE TOURAINE	100	FC
LE NORD COTENTIN	100	FC
CENTRE WILLIAM HARVEY	100	FC
HOLDING AUSTRUY BUREL	99	FC
PB EXPANSION	100	FC
REACTI MALT	100	FC
SOGEMARE	100	FC
SCI KORIAN BEZONS IMMOBILIER	100	FC
SCI KORIAN LA COTONNADE IMMOBILIER	100	FC
SCI KORIAN LES CATALAUNES IMMOBILIER	100	FC
SCI KORIAN LE GRAND PARC IMMOBILIER	100	FC
SCI KORIAN LIVRY SULLY IMMOBILIER	100	FC
SCI KORIAN LES RESTANQUES IMMOBILIER	100	FC
SCI KORIAN MORNAY IMMOBILIER	100	FC
SCI KORIAN ONCOPOLE TOULOUSE	100	FC
SCI KORIAN PARC DES DAMES IMMOBILIER	100	FC
SCI KORIAN VILLA AMARELLI IMMOBILIER	100	FC
SCI HOLDING IMMOBILIÈRE	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 1	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 2	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 3	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE	100	FC
SAS KORIAN IMMOBILIER FRANCE	100	FC
LA BASTIDE DE LA TOURNE	100	FC

Legal entity		
LE CHÂTEAU	58	FC
SARL RÉSIDENCE FRONTENAC	100	FC
KORIAN LE BASTION	100	FC
RÉSIDENCE PERIER	100	FC
PERIER RETRAITE	100	FC
VEPEZA	100	FC
LA REINE MATHILDE	100	FC
SOCIÉTÉ D'EXPLOITATION DE LA CLINIQUE MÉDICALE DE SAINT CÔME À JUVISY	100	FC
CLINIQUE DE SACLAS	100	FC
SOCIÉTÉ CLINIQUE DE SOINS DE SUITE DE NOISY LE SEC	100	FC
CLINIQUE DE LIVRY-SULLY	100	FC
SOCIÉTÉ D'EXPLOITATION DE LA CLINIQUE DU PERREUX	100	FC
NEWCO BEZONS	100	FC
CLINIQUE DE CONVALESCENCE DU CHÂTEAU DE CLAVETTE	100	FC
SERIENCE SOINS DE SUITE ET DE RÉADAPTATION	100	FC
SARL DE BIOUX SANTÉ	100	FC
THALATTA	100	FC
RESIDENCE LES AÎNÉS DU LAURAGAIS	100	FC
GRAND'MAISON	100	FC
KORIAN PASTORIA	100	FC
SA MEDICA FRANCE	100	FC
SAS CLINIQUE DE SANTÉ MENTALE SOLISANA	100	FC
SAS CLINIQUE DU VAL DE SEINE	100	FC
SARL CLINIQUE LES ALPILLES	100	FC
SARL CLINIQUE DU MONT VENTOUX	100	FC
SARL CLINIQUE DE SANTÉ MENTALE DU GOLFE	100	FC
SAS CLINIQUE ALMA SANTÉ	100	FC
SAS CLINIQUE DU CHÂTEAU DE MORNAY	100	FC
SAS CLINIQUE SAINTE COLOMBE	100	FC
SARL CLINIQUE LA CONDAMINE	100	FC
SARL CLINIQUE DE SANTÉ MENTALE VILLA BLEUE	100	FC
SARL CLINIQUE MAISON BLANCHE	100	FC
SAS CLINIQUE MONTJOY	100	FC
SAS CLINIQUE DE SANTÉ MENTALE DE PIETAT	100	FC
SAS CLINIQUE DE SANTÉ MENTALE SAINT MAURICE	100	FC
SAS CLINIQUE LA PALOUMERE	100	FC
SAS CLINIQUE LA VARENNE	100	FC
SAS CLINIQUE LA ROSERAIE	100	FC
SARL CLINIQUE LE CLOS DE BEAUREGARD	100	FC
SAS CLINIQUE DU CHAMBON	100	FC
SAS CLINIQUE LES BRUYÈRES	100	FC
SAS LES JARDINS D'HESTIA	100	FC
SARL GMR	100	FC
SAS AUBERGERIE DE QUINCY	92	FC
SAS AUBERGERIE DU 3E AGE	92	FC
SARL RÉSIDENCE DES PINS	100	FC

Legal entity		
SAS GASTON DE FOIX	100	FC
SARL RÉSIDENCE DE CHAINTREAUVILLE	96	FC
SAS DLS GESTION	100	FC
SARL LA FONTAINE BAZEILLE	100	FC
SAS RÉSIDENCE LES SANSONNETS	100	FC
SAS LES TERRASSES DU XXEME	100	FC
SAS RÉSIDENCE LES MATHURINS	100	FC
RÉSIDENCE LES AJONCS	100	FC
KORIAN MAS DE LAUZE	100	FC
SCI BADERA	62	FC
VILLA BONTEMPS	100	FC
SOCIÉTÉ D'EXPLOITATION HOME SAINT GABRIEL	99	FC
LES ISSAMBRES	100	FC
ACCUEIL MEUNIÈRES	100	FC
CHAMTOU	100	FC
SOCIÉTÉ GÉRONTOLOGIQUE DU CENTRE OUEST – SGCO	100	FC
SOCIÉTÉ HOSPITALIÈRE DE TOURAINE	100	FC
KORIAN VILLA D'ALBON	100	FC
SCI LE TEILLEUL	60	FC
KORIAN LE DIAMANT	100	FC
COMPAGNIE FONCIÈRE VERMEILLE	59	FC
BELLECOMBE	100	FC
KORIAN LES ARCADES	100	FC
RÉSIDENCE MAGENTA	100	FC
VILLA SAINT DOMINIQUE	100	FC
LE CLOS CLEMENT 77 – RÉSIDENCE DU BOIS CLEMENT	100	FC
KORIAN BRUNE	100	FC
KORIAN LES LILAS	100	FC
SAINT-CYR GESTION	100	FC
REANOTEL	100	FC
KORIAN FLORIAN CARNOT	100	FC
MEUDON-TYBILLES	100	FC
LES LIERRES GESTION	100	FC
L'AIR DU TEMPS RÉSIDENCES STRASBOURG ROBERTSAU	100	FC
LES HAUTS D'ANDILLY	100	FC
ATRIA	100	FC
LES BÉGONIAS	100	FC
LA REINE BLANCHE	100	FC
LES BLÉS D'OR	100	FC
LES TEMPS BLEUS	100	FC
CARLOUP SANTÉ	100	FC
LE CASTELLI	100	FC
LES FONTAINES	100	FC
ISÈRE SANTE	100	FC
LAFFITTE SANTE	100	FC
S.C.I. LE MAIL IMMOBILIER	100	FC

Legal entity		
LE MAIL SANTÉ	100	FC
MASSENET SANTÉ	100	FC
MEDOTELS	100	FC
RÉSIDENCE FRÉDÉRIC MISTRAL	100	FC
KORIAN CLOS DES VIGNES	100	FC
SAS LE VAL D'ESSONNE	100	FC
SARL MAISON DE RETRAITE LES GARDIOLES	100	FC
SARL LA PAQUERIE	100	FC
SARL LA COLOMBE	100	FC
SARL LES TAMARIS	100	FC
SARL RESID'GEST	100	FC
SARL RA DE LAXOU	100	FC
SARL RA DES SABLES	100	FC
SARL RA DE LYON GERLAND	100	FC
SARL RA DU MANS	100	FC
SARL LE MÔLE D'ANGOULINS	100	FC
SAS RA DE NEUVILLE ST REMY	100	FC
SARL MAISON DE RETRAITE SOULAINES	100	FC
SAS DOMAINE DES TROIS CHEMINS	100	FC
SAS LE MONT SOLEIL	100	FC
SARL RÉSIDENCE BELLEVUE	100	FC
SARL RÉSIDENCE AGAPANTHE	100	FC
SARL RÉSIDENCE LA GRANDE PRAIRIE	100	FC
SARL RÉSIDENCE PIN BALMA	100	FC
SARL LE HAMEAU DE PRAYSSAS	100	FC
SAS LE HAMEAU DE LA SOURCE	100	FC
SAS RÉSIDENCE CLAUDE DEBUSSY	100	FC
SARL LES OLIVIERS	100	FC
SAS MAISON DE RETRAITE LE CHALET	100	FC
SARL LA CAMPAGNARDE	100	FC
SARL DU CHÂTEAU	100	FC
SARL BUEIL	100	FC
SAS RÉSIDENCE DE L'ABBAYE	100	FC
SAS LA VALLÉE BLEUE	100	FC
SAS LES CIGALES	100	FC
SAS LES TOURELLES	100	FC
SAS LA DÉTENTE	100	FC
SAS SAINT FRANCOIS DU LAS	100	FC
SARL MAISON DE RETRAITE LES ALYSSES	100	FC
SAS LA VILLA DU CHÊNE D'OR	100	FC
SAS LA VILLA DU PARC	100	FC
SARL LE DOMAINE DE COLLONGUES	100	FC
SAS LE CLOS VERMEIL	100	FC
SAS RELAIS TENDRESSE SAINTE MARGUERITE	100	FC
SARL MEDI-SAISONS	100	FC
SAS L'AMARYLLIS	100	FC

Legal entity		
SAS LA LOUISIANE	100	FC
SAS LES PALMIERS	100	FC
SARL LUBÉRON SANTÉ	100	FC
SARL INVAMURS	100	FC
KORIAN VILLA PAPYRI	100	FC
KORIAN VILLA D'AZON	100	FC
KORIAN LES CASSISSINES	100	FC
KORIAN VILLA SPINALE	100	FC
KORIAN L'ASTRÉE	100	FC
KORIAN LA FONTANIÈRE	100	FC
GEM VIE	100	FC
SOCIETE D'ÉTUDES ET DE RÉALISATIONS POUR LE NOUVEL ÂGE SERENA	100	FC
KORIAN AU FIL DU TEMPS	100	FC
KORIAN PLAISANCE	100	FC
KORIAN SAVERNE	100	FC
KORIAN VAL DES SOURCES	100	FC
KORIAN VILL'ALIZE	100	FC
KORIAN L'ESCONDA	100	FC
LE PETIT CASTEL	100	FC
PEROU	100	FC
LES PINS BLEUS	100	FC
RÉSIDENCE DE PONTLIEUE	100	FC
HOMÈRE HÔTELLERIE MÉDICALISÉE RETRAITE	100	FC
LA SAISON DORÉE	100	FC
SAINT FRANCOIS DE SALES	100	FC
SARL VILLANDIÈRES NIMES	100	FC
CLINIQUE DE SOINS DE SUITE ET RÉADAPTATION CHÂTEAU DE GLETEINS	100	FC
LA PINÈDE	100	FC
CHÂTEAU DE LA VERNEDE	100	FC
KORIAN LES OLIVIERS	100	FC
CENTRE DE RÉADAPTATION FONCTIONNELLE DE CAEN	100	FC
CLINIQUE CARDIOLOGIQUE DE GASVILLE	100	FC
CLINIQUE DE MÉDECINE PHYSIQUE ET DE RÉADAPTATION FONCTIONNELLE « LES GRANDS CHÊNES »	100	FC
LES FLOTS	100	FC
IRG 2	100	FC
LE BELVÉDÈRE PLAGE	100	FC
LE BELVÉDÈRE	100	FC
CENTRE MÉDICAL INFANTILE MONTPRIBAT	100	FC
CENTRE DE RÉÉDUCATION FONCTIONNELLE DE SIOUVILLE	100	FC
CLINIQUE NAPOLÉON	100	FC
SCI NAPOLÉON	100	FC
LE MONT BLANC	99	FC
CLINIQUE DU CANAL DE L'OURCQ	100	FC
HAD YVELINES SUD	100	FC
SOCIÉTÉ NOUVELLE DE LA CLINIQUE DU MESNIL	100	FC
CENTRE DE SOINS DE SUITE DE SARTROUVILLE	100	FC

Legal entity		
KORIAN LES TROIS TOURS	100	FC
OREGON	100	FC
SAS SOCEFI	100	FC
SAS FINANCIÈRE DE LETRETTE	100	FC
SARL PASTHIER PROMOTION	100	FC
SCI CHAMBÉRY JOURCIN	100	FC
SCI BRUAY SUR ESCAUT	100	FC
SCI SAINT GEORGES DE DIDONNE	100	FC
SCI DE LAXOU MAXEVILLE	51	FC
SCI DES SABLES	100	FC
SCI DE LYON-GERLAND	100	FC
SCI SAINT-MALO	100	FC
SCI DU MANS	100	FC
SCI PIERRE DEBOURNOU	100	FC
SCI DE LA RUE BICHAT	100	FC
SCI CENTRE DE CONVALESCENCE DE NEUVILLE	100	FC
SCI CENTRE MEDICAL LES ALPILLES	100	FC
SCI VALMAS	100	FC
SCI ALMA SANTÉ	100	FC
SCI SAINT MAURICE	100	FC
SCI LA PALOUMÈRE	100	FC
SCI LA VARENNE	100	FC
SCI LA ROSERAIE	100	FC
SOCIÉTÉ CIVILE IMMOBILIÈRE DE MONTVERT	100	FC
SCCV BAZEILLE DÉVELOPPEMENT	100	FC
SCI LES TROIS CHEMINS	100	FC
SARL DU PRÉ DE LA GANNE	100	FC
SCI SYR IMMOBILIER	100	FC
SARL LE BOIS DU CHEVREUIL	100	FC
SAS ALEXMAR	100	FC
SNC IMMOBILIÈRE DE DINARD	100	FC
SAS MS FRANCE	60	FC
SCI FALCA	100	FC
SARL RÉSIDENCE VICTOR HUGO	100	FC
LE CLOS DE L'ORCHIDÉE	100	FC
SOCIETE DU CHÂTEAU DE LORMOY	100	FC
SCI KORIAN SAVERNE IMMOBILIER	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 4	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 5	100	FC
SAS KORIAN IMMOBILIER ALLEMAGNE 6	100	FC
RESIDENCE FONTDIVINA	100	FC
SCI LA MÉRIDIENNE	100	FC
AGES & VIE GESTION	100	FC
AGES & VIE HABITAT	100	FC
AGES & VIE SERVICES	100	FC
CLINIDEV SAS	100	FC
CLINIDOM SAS	100	FC

14.4.2 Germany

Legal entity		
CASA REHA HOLDING GMBH	100	FC
CASA REHA BETRIEBS- UND BETEILIGUNGSGESELLSCHAFT MBH	100	FC
PROVITA HEIMBETRIEBSGESELLSCHAFT MBH	100	FC
SENIORENHEIM LEHNDORFER HOF GMBH	100	FC
SENIOREN DSC GMBH DIENSTLEISTUNGS- UND SERVICE CENTER	100	FC
HAUS ALTKÖNIG HEIMBETRIEBSGESELLSCHAFT MBH	100	FC
CASA REHA HEIMBETRIEBSGESELLSCHAFT MBH	100	FC
SENIORENRESIDENZ AM ERLENHOFSEE BETRIEBSGESELLSCHAFT MBH	100	FC
SENIORENPFLEGEHEIM GMBH BAD NEUSTADT A.D. SAALE	100	FC
F & B SENIOREN-CENTER GMBH	100	FC
S & K TEXTIL SENIOREN DIENSTLEISTUNGS-CENTER GMBH	100	FC
NON-FOOD HANDELSGESELLSCHAFT KARLSRUHE FÜR SENIORENBEDARF MBH	100	FC
CASA REHA ALTENPFLEGEHEIM GMBH	100	FC
CASA REHA VIII IMMOBILIENVERWALTUNGSGESELLSCHAFT OBJEKT LOLLAR MBH	100	FC
CASA REHA IX IMMOBILIEN BETEILIGUNGSGESELLSCHAFT OBJEKT LOLLAR MBH	100	FC
CASA REHA VIII IMMOBILIENGESELLSCHAFT OBJEKT LOLLAR MBH & CO. KG	100	FC
XXIV. CASA REHA IMMOBILIENVERWALTUNGSGESELLSCHAFT MBH	100	FC
XXVIII. CASA REHA IMMOBILIENVERWALTUNGSGESELLSCHAFT MBH	100	FC
XX. CASA REHA VERWALTUNGS- UND IMMOBILIENERWERBS GMBH & CO. KG	100	FC
CASA REHA SENIORENPFLEGEHEIM GMBH	100	FC
SOZIALKONZEPT BETRIEBS- UND BETEILIGUNGS GMBH	100	FC
SOZIALKONZEPT BARBARAHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT CHARLOTTENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
SOZIALKONZEPT CHRISTINENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT DOROTHEENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT HERMINENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT LORETTAHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT MARIETTENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT CÄCILIENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
SOZIALKONZEPT FRIEDERIKENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT HELENENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT LUISENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT MAGDALENENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
SOZIALKONZEPT MARIENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT IM ROSENPARK GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT SCHULZE-KATHRINHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC
SOZIALKONZEPT SOPHIENHOF GMBH BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN	100	FC

Legal entity		
SOZIALKONZEPT KATHARINENHOF BETRIEBSGESELLSCHAFT SOZIALER EINRICHTUNGEN MBH	100	FC
GO DRACHENFELSSEE 506. V V GMBH	100	FC
GO DRACHENFELSSEE 510. V V GMBH	100	FC
ALTER EGO SIEBENUNDVIERZIGSTE BETEILIGUNGSGESELLSCHAFT MBH	100	FC
SOTEC GMBH	100	FC
SOZIALKONZEPT BETEILIGUNGS GMBH	100	FC
SERVEX DIENSTLEISTUNGS GMBH	100	FC
SOZIAL SERVICE EINRICHTUNGS- UND GESCHÄFTSBESORGUNGS GMBH	100	FC
AFARIA GRUNDSTÜCKSVERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT LOLLAR KG WIESBADEN	100	FC
ASTELLA GRUNDSTÜCKSVERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG WIESBADEN	100	FC
APARMA GRUNDSTÜCKSVERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG WIESBADEN	100	FC
KORIAN MANAGEMENT AG	100	FC
KORIAN MANAGEMENT AG SALZBURG	100	FC
KORIAN MANAGEMENT GRUNDBESITZ GMBH	100	FC
CURANUM AG	100	FC
CURANUM VERWALTUNGS- UND BETEILIGUNGS-	100	FC
CURANUM HOLDING GMBH	100	FC
CURANUM BETRIEBS GMBH WEST	100	FC
KORIAN AKADEMIE GMBH	100	FC
GAP MEDIA SERVICE GMBH	100	FC
SERVICE GESELLSCHAFT WEST GMBH	100	FC
CURANUM DIENSTLEISTUNG GMBH	100	FC
CURANUM BETRIEBS GMBH	100	FC
ALTENHEIM BETRIEBSGESELLSCHAFT WEST GMBH	100	FC
CURANUM FRANZISKUSHAUS GMBH	100	FC
CURANUM BETRIEBS GMBH MITTE	100	FC
DOC ORANGE GMBH	100	FC
BAD SCHWARTAUER AVG ALTENHEIM-VERMIETUNG	100	FC
RIAG SENIORENZENTRUM « ZWEITE »	100	FC
RIAG SENIORENZENTRUM « ERSTE »	100	FC
RIAG SENIORENZENTRUM	100	FC
CURANUM LIESBORN GMBH & CO. KG	100	FC
KORIAN MANAGEMENT VERWALTUNG GMBH	100	FC
PHÖNIX – HAUS SILBERDISTEL – ALTEN- U. PFLEGEHEIM GMBH	100	FC
PHÖNIX – HAUS ROGGENBERG – PFLEGEHEIM GMBH	100	FC
PHÖNIX – HAUS KARWENDEL – ALTEN- UND PFLEGEHEIM GMBH	100	FC
PHÖNIX-HAUS ROSMARIN SENIOREN- UND PFLEGEZENTRUM GMBH	100	FC
SENIORENWOHNANLAGE OETTINGEN GMBH	100	FC
ALTEN-PFLEGEHEIM VEITSBRONN GMBH	100	FC
PHONIX SENIORENRESIDENZ ELSTERTALBLICK GMBH	100	FC
PHÖNIX SOZIALZENTRUM IM LERCHENFELD GMBH	100	FC
PHÖNIX SOZIALZENTRUM WINDSBACH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM IM BRÜHL GMBH	100	FC

Legal entity		
PHÖNIX-SENIORENZENTRUM TAUNUSBLICK GMBH	100	FC
PHÖNIX-HAUS AM STEINSGRABEN SENIOREN- UND PFLEGEZENTRUM GMBH	100	FC
PHÖNIX-SENIORENZENTRUM ULMENHOF GMBH	100	FC
PHÖNIX – HAUS SONNENGARTEN WOHN- UND PFLEGEZENTRUM GMBH	100	FC
PHÖNIX – SENIORENZENTRUM GRAF TILLY GMBH	100	FC
PHÖNIX-SENIORENZENTRUM HERZOG ALBRECHT GMBH	100	FC
PHÖNIX-SENIORENRESIDENZ AM TEICHBERG GMBH	100	FC
SENIORENRESIDENZ DETTELBACH GMBH	100	FC
SENIOREN- UND FACHPFLEGEZENTRUM GMBH (GRETEL-EGNER-HAUS)	100	FC
SOLIDARIA SENIORENRESIDENZEN GGMBH	100	FC
PHÖNIX SENIORENZENTRUM SCHÖNBLICK GMBH	60	FC
PHÖNIX – SENIORENZENTRUM HESSENALLEE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM FRONMÜLLERSTRAßE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM GARTENSTADT GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AM BODENSEERING GMBH	100	FC
PHÖNIX-SENIORENZENTRUM ST. HEDWIG GMBH	100	FC
PHÖNIX-SENIORENZENTRUM NEUPERLACH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AHORNHOF GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AM MUPPBERG GMBH	100	FC
PHÖNIX-SENIORENZENTRUM MAINPARKSEE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM AM SCHLOSSTEICH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM ZWEI LINDEN GMBH	100	FC
PHÖNIX-SENIORENZENTRUM WEIDENPESCH GMBH	100	FC
PHÖNIX-SENIORENZENTRUM EVERGREEN MAXHÜTTE GMBH	100	FC
PHÖNIX-SENIORENZENTRUM EVERGREEN GMBH	100	FC
ZENTRALE PARSBERG (HOLDING WEIDLICH)	100	FC
SERVAS GMBH – SERVICELEISTUNGEN FÜR DEN ALTENHILFESEKTOR	100	FC
WBW GMBH	100	FC
LEOS GMBH	100	FC
GERICARE GMBH	100	FC
SOTERIA MANAGEMENTGESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG	100	FC
KLINIK AM STEIN PROJEKTENTWICKLUNGSGESELLSCHAFT MBH & CO. KG	100	FC
KLINIK AM STEIN VERWALTUNGS GMBH	100	FC
EVERGREEN HOLDING GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM BERGNEUSTADT GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM BUTZBACH GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM LANDSCHEID GMBH	100	FC
EVERGREEN PFLEGEZENTRUM AM ALTEN POSTSTADION GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM RECKLINGHAUSEN GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM SAARBURG GMBH	100	FC
EVERGREEN PFLEGE- UND BETREUUNGSZENTRUM PADERBORN GMBH	100	FC
BLITZ 07-712 GMBH	100	FC
HELVITA SENIORENZENTREN GMBH	100	FC
ALPHEIDE-SENIORENZENTRUM GMBH	100	FC
SENIOREN-DOMIZIL FAMILIE WOHNSIEDLER GMBH	100	FC
HAUS AMSELHOF SENIORENRESIDENZ GMBH	100	FC

Legal entity		
HELVITA WIRTSCHAFTSDIENSTE GMBH	100	FC
SENIORENPFLEGE HAßLOCH GMBH	100	FC
SENTIVO GMBH	100	FC
SENTIVO SOLINGEN GMBH	100	FC
SENTIVO MÖNCHENGLADBACH GMBH	100	FC
SENTIVO RHÖNDORF GMBH	100	FC
SENTIVO EITORF GMBH	100	FC
AMBULANTER DIENST KUTLU GMBH	100	FC
SENIORHEIM AN DER PAAR GMBH AICHACH	100	FC

14.4.3 Italy

Legal entity		
SEGESTA SPA	100	FC
SEGESTA2000 SRL	100	FC
SEGESTA GESTIONI SRL	100	FC
MOSAICO HOME CARE SRL	100	FC
VILLA DELLE TERME SPA	100	FC
SEGESTA LATINA SPA	100	FC
CRCT IL GBBIANO SRL	100	FC
SEGESTA MEDITERRANEA SRL	100	FC
VILLA SAN CLEMENTE SRL	100	FC
ELIA DOMUS SRL	100	FC
AUREA SALUS SRL	100	FC
KINETIKA SARDEGNA SRL	100	FC
VITTORIA SRL	70	FC
DR. ALBERTO BOCCHI SPA	100	FC
PLATINUM SPA	100	FC
CARE SERVICE SPA	100	FC
IL CILIEGIO SRL	100	FC
RESIDENZA FORMIGINE SRL	100	FC
IL FAGGIO SRL	100	FC
CROCE DI MALTA SRL	100	FC
FRATESOLE SRL CLIN	100	FC
IL RONCO SRL	100	FC
IMMOBILIARE MACOTTE	100	FC
NATIVITAS	100	FC
RSA FRATESOLE SRL	100	FC
SOGEMI SRL	100	FC
ASSISI PROJECT SPA	100	FC
PREPPY REAL ESTATE SRL	100	FC
SMERALDA RSA DI PADRU SRL	95	FC

14.4.4 Belgium

Legal entity		
RUSTOORD DE VLAAMSE ARDENNEN	100	FC
PSYCHOGERIATRISCH CENTRUM	100	FC
RESIDENTIE MILSENHOF	100	FC
SENIORENRESIDENTIE AURORA	100	FC
BERCKENBOSCH NV	100	FC
RESIDENTIE SPORENPARK	100	FC
RESIDENTIE BONEPUT	100	FC
RÉSIDENCE LES CHEVEUX D'ARGENT	100	FC
CORDIA HOLDING	100	FC
PROCURAS	100	FC
RVT DELLEBRON	100	FC
HOME EKSTERVELD	100	FC
GOLDEN MORGEN	100	FC
SINT- LENAARTSHOF	100	FC
MAASMEANDER	100	FC
SENIORIE DE MARETAK	100	FC
RÉSIDENCE MÉLOPÉE	100	FC
DE NOOTELAER	100	FC
TEN PRINS	100	FC
RÉSIDENCE L'AIR DU TEMPS	100	FC
RÉSIDENCE BÉTHANIE	100	FC
RESIDENTIE EDELWEIS	100	FC
RÉSIDENCE AUX DEUX PARCS	100	FC
MRS LE RICHEMONT	100	FC
RESIDENTIE KASTEELHOF	100	FC
RÉSIDENCE LE PROGRÈS	100	FC
ROOIERHEIDE NV	100	FC
RESIDENTIE PALOKE	100	FC
HOME RÉSIDENCE DU PLATEAU	100	FC
RESIDENTIE PRINSENPARK	100	FC
RÉSIDENCE LA PASSERINETTE	100	FC
RÉSIDENCE RY DU CHEVREUIL	100	FC
RÉSIDENCE SEIGNEURIE DU VAL	100	FC
RESIDENTIE VAERENHOF	100	FC
RÉSIDENCE AU BON VIEUX TEMPS	100	FC
SL FINANCE	100	FC
SENIOR LIVING GROUP NV	100	FC
SL INVEST	100	FC
SL IMMO	100	FC
WIELANT-FUTURO	100	FC
DAMIEN/HÉRIS SÉNISERVICES SA	100	FC
MAISON DE XX AOÛT SA	100	FC
ONAFHANKELIJKE THUISZORG VLAANDEREN	100	FC
PLAZA CATERING	100	FC

Legal entity		
LES RÉCOLLETS SA	100	FC
RESIDENTIE SENIORPLAZA	100	FC
SENIOR ASSIST HOME CARE	100	FC
SENIORPLAZA CONCEPT	100	FC
SENIORPLAZA INVEST	100	FC
ARCHE DE VIE SA	100	FC
LE DOMAINE DES AMARYLLIS SPRL	100	FC
RÉSIDENCE 3 SA	100	FC
RÉSIDENCE REINE ASTRID SA	100	FC
BELLEVUE SA	100	FC
CLAIRE DE VIE SPRL	100	FC
LES CHARMILLES SA	100	FC
LE COLVERT SPRL	100	FC
HUIS ELCKERLYC	100	FC
HUYSE ELCKERLYC	100	FC
KAREN SPRL	100	FC
DE LAEK SA	100	FC
WOON & ZORG VG LUMMEN BVBA IMMO	100	FC
WOON & ZORG EXPLOITATIE ICHTEGEM BVBA	100	FC
WOON & ZORG EXPLOITATIE LUMMEN BVBA	100	FC
NEW TRAMONTANE	100	FC
DU PARC SA	100	FC
NOUVELLE RÉSIDENCE LE SAULE SPRL	100	FC
SENIOR HOUSING	100	FC
LES SITELLES SA	100	FC
RESIDENCE SOIGNIES SA IMMO	100	FC
CHATEAU SOUS BOIS SPRL	100	FC
VII VOYES SPRL	100	FC

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free English translation of the statutory auditors' report on the consolidated financial statements of the Company issued in French and is provided solely for the convenience of English-speaking readers.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Financial year ended December 31, 2018

To the Annual General Meeting of the Korian company,

Opinion

In compliance with the engagement for which we have been appointed by your Shareholders' Meetings, we have audited Korian's consolidated financial statements for the financial year ended December 31, 2018, as appended to this report.

We certify that, in light of the IFRS accounting framework as adopted in the European Union, the consolidated financial statements are true and accurate and give a fair view of the transactions during the past financial year, as well as of the financial position and assets at the end of the financial year, of the whole comprised of the persons and entities within the consolidation scope.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We performed our audit in accordance with the accounting standards applicable in France. We consider that the audit evidence that we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements".

Independence

We conducted our audit engagement, from 1 January 2018 to the date of our report, in accordance with the independence rules applicable to us and, in particular, we did not provide services prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of ethics for the statutory auditors (*Code de déontologie*).

Justification of assessments - Key audit matters

Pursuant to the provisions of article L. 823-9 of the French Commercial Code regarding the justification for our assessments, we inform you of the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the year ended December 31, 2018, as well as the responses we provided to these risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and the opinion we formed, as expressed above. We do not express an opinion on any items in these consolidated financial statements considered separately.

Measurement of goodwill and operating licences

Identified risk

At 31 December 2018, the net value of goodwill and operating licences amounted to €4,031 million.

- Goodwill, for which the calculation methods are presented in note 2 to the consolidated financial statements, is recognised as an asset in the balance sheet for a net total of €2,312 million.
- Operating licences acquired in connection with corporate mergers are non-amortisable intangible non-current assets recognised for a net carrying amount of €1,719 million, representing the value assigned to the operating licences granted by regulatory authorities in France, Belgium and Italy. They are measured at the time of corporate mergers at their fair value at the acquisition date in accordance with the procedures described in note "6.2 - Goodwill, intangible assets and property plant and equipment" in the notes to the consolidated financial statements.

At each balance sheet date, or more frequently if there is any indication of impairment, management ensures that the net carrying amount of goodwill and operating licences does not exceed their recoverable amount. The recoverable amount of licences is the higher of fair value net of exit costs and value in use. Impairment testing is performed at the level of the cash generating unit (CGU).

- In the case of operating licences, the CGU corresponds singe 2018 to a department in France, to a region in Italy and Belgium, for each activity type (retirement home or clinic). Market and regulatory evolutions, and how the Group operates have led to consider each CGU as a territorial unit for each activity.
- In the case of goodwill, the CGUs correspond to the operating segments (France, Germany, Belgium and Italy).

The procedures and the details of the assumptions used for these tests are presented in note 6.5 to the consolidated financial statements.

The value in use of these assets is calculated on the basis of the value of the discounted future Cash Flows of the CGUs or groups of CGUs and is based on management's assumptions and estimates, in particular Cash Flow projections, taken from the four-year business plans, the growth rate used to estimate these flows, and the discount rate applied to them.

The assessments of the recoverable value of goodwill and of the operating licences is a key audit matters due to their weight in the group's accounts and the importance of management's judgment in determining the assumptions on which the value in use estimates are based.

Our response

We examined the compliance of the methodology applied with the accounting standards in effect.

We also conducted a critical review of the manner in which these impairment tests are applied. In particular, we:

- compared the accounting bases tested by management with the items appearing in the consolidated financial statements, in order to ensure that the tests performed concern all goodwill and licences recognised;
- examined the methods for calculating value in use as assessed by discounting future Cash Flows:
  - review of the budget process and key controls associated with this process;
  - review of the criteria used by management in determining the new CGU corresponding to a territorial unit for each activity;
  - examination, on a test basis, of the consistency of the cash flow forecasts with the 2019 budgets prepared by the management, and with the strategic plan approved by the Board of Directors;
  - comparison, on a test basis, of the forecasts used during the previous period for the 2018 financial year with the achievement thereof in order to analyze the achievement of prior objectives;
- examined the perpetual growth rates and the discount rates used by management in calculating value in use by comparing it to our own estimate of these rates, for which we included financial measurement specialists in our teams;
- verified, on a test basis, the arithmetical accuracy of the calculations of the values in use applied.

In addition, we assessed whether the information provided in note 6.5 to the consolidated financial statements is appropriate and verified the arithmetical accuracy of the sensitivity analysis presented.

Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verification required by law of the information about the Group presented in the Board of Directors' management report.

We have no observation to make as to its accuracy or consistency with the consolidated financial statements.

We attest that the consolidated non-financial information statement provided for in article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with article L.823-10 of the Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information contained in that statement, which must be verified in a report by an independent third party.

Information based on other statutory or regulatory obligations

Appointment of the statutory auditors

Mazars was appointed as statutory auditor of Korian SA in the original Articles of association of 2003, and Ernst & Young et Autres was appointed by the General Meeting of 23 June 2011.

At 31 December 2018, Mazars was in the sixteenth uninterrupted year of its assignment (including thirteen years since the Company's shares were admitted to trading on a regulated market) and Ernst & Young et Autres was in its eighth year.

Responsibilities of management and those charged with Governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view in accordance with the IFRS framework as adopted in the European Union, as well as for setting up the internal controls it deems necessary to prepare consolidated financial statements that are free of material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern accounting basis of accounting, unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for overseeing the process used to prepare financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, if applicable, the internal audit system, with respect to the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements

Objective and audit approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated

financial statements taken as a whole do not contain any material misstatements.

Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect all material misstatements. Misstatements may be due to fraud or error and are considered material if it can reasonably be expected that, taken individually or cumulatively, they may influence the economic decisions that users of the financial statements take based thereon.

As specified by article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements, does not consist of guaranteeing the viability or the quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. He also:

- identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects information that he deems sufficient and appropriate to form the basis for his opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, because fraud may involve collusion, falsification, voluntary omissions, misrepresentations or circumventing internal controls;
- reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal control system;
- assesses whether the accounting methods used are appropriate and whether the accounting estimates made by management are reasonable, as well as the information about them provided in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern accounting basis of accounting and, based on the audit evidence collected, whether a material uncertainty exists related to events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that there a material uncertainty exists, he draws the attention of the readers of his report to the information provided in the consolidated financial statements about such uncertainty or, if this information is not provided or is not relevant, he issues a qualified certification or refuse certification;
- evaluates the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events in a manner that gives a true and fair view thereof;
- obtains sufficient appropriate audit evidence regarding the financial information about the persons or entities included in the consolidation scope to express an opinion on the consolidated financial statements.

The statutory auditor is responsible for managing, supervising and performing the audit of the consolidated financial statements, and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit work and the audit program implemented, as well as the conclusions based on our work. We also report, if any, significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that we consider to have been the most significant for the audit of the consolidated financial statements for the year ended 2018 and that, therefore, constitute key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration required by article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of ethics for the statutory auditors. If applicable, we discuss with the Audit Committee the risks to our independence and the related safeguards.

Courbevoie and Paris-La Défense, March 27, 2019

The Statutory auditors

French original signed by

MAZARS

Manuela Baudoin-Revert

ERNST & YOUNG et Autres

May Kassis-Morin

6.3 ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Separate financial statements (unless otherwise indicated, all amounts are expressed in millions/thousands of euros).

STATEMENT OF FINANCIAL POSITION

Assets

Assets	31.12.2018	31.12.2017
Intangible fixed assets	19,842	11,386
Property, plant and equipment	11,270	10,310
Financial assets	3,038,304	2,984,535
Of which equity interests	***2,363,386***	***2,250,442***
Total non-current assets	**3,069,416**	**3,006,231**
Progress payments and instalments to suppliers	0	3
Trade receivables	89,200	76,336
Other receivables	1,006,641	641,124
Cash	294,002	90,784
Marketable securities	86,455	286,143
Prepaid expense	1,328	2,532
Total current assets	**1,477,626**	**1,096,922**
Debt issuance costs/Bond redemption premiums	12,259	14,119
TOTAL ASSETS	**4,559,301**	**4,117,272**

Liabilities

Liabilities	31.12.2018	31.12.2017
Share capital	409,882	404,912
Share premium	982,765	961,039
Legal reserve	31,442	28,349
Retained earnings	21,147	10,953
Other reserves	128,516	128,516
Profit/(loss)	69,630	61,869
Regulated provisions	2,424	2,420
Net position	**1,645,806**	**1,598,058**
Provisions for risks and expenses	2,333	1,614
Other bonds	1,573,492	1,331,647
Loans from credit institutions	576,253	688,837
Sundry loans and other liabilities	705,433	444,359
Trade payables	30,701	26,749
Tax and social security liabilities	19,598	19,940
Suppliers of non-current assets	2,300	1,841
Other liabilities	3,230	3,616
Total operating liabilities	**2,913,340**	**2,518,603**
Deferred income	155	611
TOTAL LIABILITIES	**4,559,301**	**4,117,272**

Annual financial statements at 31 December 2018

INCOME STATEMENT

	31.12.2018	31.12.2017
Annual revenue	**83,774**	**76,745**
Capitalised production (long-term inventory)	6,000	1,635
Operating subsidies	0	4
Reversals of provisions and reinvoiced expenses	1,912	6,260
Other revenue	0	99
Total	**91,686**	**84,743**
Goods purchased for resale	0	0
Other external purchases and expenses	68,466	58,428
Income tax and other taxes	2,918	2,781
Wages	33,548	30,243
Social security contributions	14,782	11,793
Allowances		
• depreciation and amortisation on non-current assets	11,433	10,223
• depreciation and amortisation on current assets	0	0
• provisions for risks and expenses	183	1,065
Other expenses	976	1,061
TOTAL OPERATING EXPENSES	**132,306**	**115,594**
Operating results	**-40,620**	**-30,851**
Financial income	146,828	134,553
Financial expenses	58,669	59,870
Net financial income	**88,159**	**74,683**
Net profit/(loss) from continuing operations	**47,539**	**43,832**
Non-recurring income	6,083	301
Non-recurring expenses	9,874	597
Non-recurring profit (loss)	**-3,791**	**-296**
Income tax	-25,882	-18,333
Net accounting profit/(loss)	**69,630**	**61,869**

NOTES TO THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2018

In its capacity as parent company of the Group, Korian SA, which has its registered office is at 21-25, rue Balzac in the 8th *arrondissement* of Paris, prepares the consolidated financial statements.

Accounting rules and methods

The financial statements were prepared in compliance with Regulation No. 2014-03 of the French Accounting Standards Authority (ANC), the French General Chart of Accounts and any subsequent rules and regulations in effect. The general accounting conventions of the French General Chart of Accounts were observed, in accordance with the principle of conservatism and on the basis of the following assumptions:

- going concern;
- independence of accounting periods;
- consistency of accounting methods accounting periods; and
- observance of general rules for preparing and presenting accounting financial statements.

The basic valuation method used is the historical cost method.

The main accounting methods used are described below.

Main accounting methods

Intangible fixed assets

Non-current assets are carried at their acquisition cost, which is the purchase price plus any costs that can be directly attributed to the acquisition. Software licenses are capitalised and amortised over a period of five years. Purchased software is capitalised and amortised over a period of three years, while stand-alone applications developed internally are capitalised and amortised over a period of five years.

Plant, property and equipment

Property, plant and equipment are carried at their acquisition cost, which includes the purchase price and any directly attributable costs.

Depreciation of all Group PPE is calculated on a straight-line basis over the following expected useful lives:

- building fixtures (varies depending on components) 7 to 50 years;
- industrial equipment 5 years;
- furniture and office equipment 10 years;
- IT equipment 3 years.

Equity investments and other long-term investments

Equity investments are measured at their acquisition cost plus any incidental expenses, which are depreciated over an accelerated depreciation period of five years. If this value is greater than their value in use or their market value, a provision for impairment is recognised for the difference.

The current value of a CGU is measured using observed recent market data.

The value in use of each subsidiary's equity is the difference between the subsidiary's enterprise value and its net debt on the balance sheet date.

The enterprise value of each subsidiary is calculated on the basis of future cash flows, which are in turn based on the economic assumptions and estimated operating conditions applied by Group management for business activity under consideration (France Seniors and France Santé businesses), according to the following principles:

- pre-tax cash flows are based on the Group's revised annual budget, as prepared by the Management Control department and approved by the Board of Directors;
- the discount rate is the estimated weighted cost of capital for each country (6.5% for France, 6.0% for Germany, 6.5% for Belgium and 7.5% for Italy);
- cash flow projections for the period 2019-2022 are calculated in accordance with the Group's strategic plan. The calculation also includes a year of normative cash flow, with a prospective perpetual growth rate to infinity of 1.75%. This growth rate is consistent with the growth potential of the markets in which the Group operates and its competitive position in these markets.

At 31 December 2018, the valuation of equity interests resulted in the recognition of a reversal, net of allowances, of -€1,758 thousand.

Receivables

Receivables are measured at their nominal value. Where necessary, an impairment provision is recorded to account for past or potential collection difficulties.

Financial instruments and hedge accounting

The rules for hedge accounting are specified in the French generally accepted accounting principles ("PCG"), in articles 628-6 to 628-17, which were added to the French Accounting Standards Authority (ANC) Regulation No. 2015-05 on derivatives and hedging transactions. They apply to all hedges regardless of type.

Marketable securities

Marketable securities are valued at the lower of their acquisition cost or market value. Treasury shares are recognised at acquisition cost. An impairment provision is recognised when the market value is less than the acquisition cost.

Cash and cash equivalents

Cash consists of bank balances.

In the last quarter of 2007, a cash pooling agreement was agreed between the Company and most of the Korian group's French subsidiaries at that time. Other Group companies obtain financing from Korian through loans or current accounts.

On 29 October 2018, the Group signed a new cash agreement with retroactive effect from 1 January 2018. The related Korian SA current account earned interest of 0.15% on credit balances and charged interest of 0.75% on debit balances. The interest is capitalised at 1 January 2019.

Currency risk

All payments are made within the Eurozone.

Interest rate risk

Most of the Company's borrowings are at a variable rate and interest-rate risk is hedged using derivative instruments.

Bond issuance and borrowing costs

Bond issuance and borrowing costs are recorded under external expenses and are amortised over the life of the bond.

Key events during the year

Statutory governance

Changes in the composition of the Board of Directors

At the General Meeting held on 14 June 2018, the Company's shareholders voted to renew the terms of office of Predica Prévoyance Dialogue du Crédit Agricole, Malakoff Médéric Assurances and Mrs Catherine Soubie for a three-year term expiring at the conclusion of the General Meeting of shareholders convened to vote on the financial statements for the year ending 31 December 2020.

Pursuant to notice given by Investissements PSP on 29 August 2018, Mr Alexandre Gagnon-Kugler replaced Annick Lanthier as permanent representative on the Board of Directors. Pursuant to notice given by Malakoff Médéric Assurances on 19 December 2018, Mrs Anne Ramon replaced Mr Hugues du Jeu as permanent representative on the Board of Directors.

Internal governance

On 3 April 2018, Mr Philippe Garin was appointed Group Chief Financial Officer and member of the Group Management Board, replacing Mr Laurent Lemaire.

On 1 May 2018, Mr Bart Bots was appointed International Development Director and member of the Group Management Board, to step up the Group's expansion outside the four countries in which it already operates and extend its reach in other markets. Mr Dominiek Beelen is replacing him as Chief Executive Officer of Korian Belgium and member of the Group Management Board.

Main financing activities

On 18 September 2018, Korian announced the issue of undated, unsubordinated and unsecured bonds with an option for repayment in cash and/or new and/or existing shares ("ODIRNANE" bonds) for an amount of €60 million. The bond issue was settled and delivered on 21 September 2018.

On 19 November 2018, the Group used the proceeds of this issue to cover the early redemption of the non-convertible undated hybrid bonds issued in 2017 for an amount of €60 million.

The Group also issued €450 million in *Schuldschein* financing (German private debt instruments), with varying maturities (five to eight years) and carrying variable and fixed rates of interest. This issue was settled on 12 December 2018. The proceeds of this issue were used in part to refinance the existing €171.5 million in *Schuldschein* bonds issued in 2014, and also to redeem a €100m tranche of the syndicated loan arranged in 2016.

Increase in share capital and dividend payment in newly issued shares

Following shareholder approval at the 2018 General Meeting, the Company distributed a dividend of €0.60 per share, with the option to receive payment in shares (based on a share price of €26.90).

The exercise of this option resulted in the issuance of 992,862 new shares, which were issued on 12 July 2018 and were admitted to trading on the Euronext Paris exchange on 16 July 2018. The shares shall carry dividend rights as of 1 January 2018 and enjoy the same rights as the outstanding ordinary shares.

The cash dividend totalled €21.7 million and was paid to the shareholders on 16 July 2018.

The Company's share capital now stands at €409,882,125 and is divided into 81,976,425 shares.

Equity interests

In 2017, Korian SA also created real estate vehicles to hold the new buildings in France (OPPCI Korian Immobilier France) and Germany (Korian Immobilier Allemagne). At 31 December 2018, OPPCI Korian Immobilier held 11 buildings, of which 9 existing buildings in operation and 2 under construction. The German vehicle held 5 buildings, of which 4 existing buildings in operation and 1 under construction.

Main items on the Statement of Financial Position and the Income Statement

Non-current assets, depreciation and amortisation

Non-current assets	31.12.2017	Acquisitions	Disposals	31.12.2018
Concessions, patents and similar rights	37,050	10,416		47,466
Non-current assets in progress	2,038	1,930	-	3,968
Business goodwill (technical merger loss)	0			0
General fittings	3,824	302		4,126
Office and IT equipment	17,580	3,346		20,926
Equity interests and related loans and receivables	2,255,123	118,594	-4,751	2,368,966
Other financial assets	734,093	41,337	-100,512	674,918
TOTAL	**3,049,708**	**175,925**	**-105,263**	**3,120,370**

Depreciation and amortisation	31.12.2017	Allowances	Reversals	31.12.2018
Concessions, patents and similar rights	27,210	4,161		31,371
General fittings	929	333		1,262
Office and IT equipment	10,657	2,084		12,741
TOTAL	**38,796**	**6,578**	**0**	**45,374**

Provisions	31.12.2017	Allowances	Reversals	31.12.2018
On equity interests	4,681	1,480	-1,406	4,755
On the technical merger loss	-			-
On borrowings	-			-
TOTAL	**4,681**	**1,480**	**-1,406**	**4,755**

Depreciation and amortisation expenses were recognised under operating expenses. Adjustments to provisions on equity investments were recognised under financial income.

"Other property, plant, and equipment in progress" mainly correspond to capitalised production and service provider costs for the development and roll-out of internal software packages and software (€3,968 thousand).

Equity interests

Korian is the Group's parent company. It holds the shares of the companies listed in the table below (amounts are in euros).

Name of company owned	Number of securities owned	Number of securities issued	% interest	Gross value of securities
SLG	4,738	4,738	100.00%	142,848,576
KORIAN DEUTSCHLAND	121,478	121,478	100.00%	237,404,144
KORIAN MANAGEMENT	70,100	70,100	100.00%	800,275
SEGESTA	5,265,567	5,265,567	100.00%	385,511,361
SCI PERREUX	N/A	N/A	22.00%	60,980
MEDIDEP FONCIER	500	500	100.00%	2,875,031
KORIAN SANTÉ	4,000	4,000	100.00%	8,000,920
KORIAN IMMOBILIER	200	200	100.00%	3,203
KORIAN Domiciles	1,000	1,000	100.00%	100,000
LA MOULINIÈRE	100	100	100.00%	1,996,919
KORIAN PARTENAIRE	500	500	100.00%	5,000
PRIVATEL	23,400	23,400	100.00%	7,419,922
HOLDING HOSPITALIÈRE DE TOURAINE	2,520	2,520	100.00%	1,551,438
LE NORD COTENTIN	15,000	15,000	100.00%	10,637,761
CENTRE WILLIAM HARVEY	4,000	4,000	100.00%	18,425,594
HOLDING AB	20,017	20,177	99.21%	3,967,264
SCI HOLDING IMMOBILIÈRE	1	100	1.00%	100
SAS KORIAN IMMOBILIER Allemagne	100	100	100.00%	10,000
SAS KORIAN IMMOBILIER France	55,100	55,100	100.00%	14,510,000
MEDICA FRANCE	3,353,685	3,353,685	100.00%	1,005,896,274
LA BASTIDE DE LA TOURNE	2,500	2,500	100.00%	12,707,293
LA NORMANDIE	N/A	N/A	100.00%	584,388
GRAND'MAISON	2,500	2,500	100.00%	7,138,788
FURTADO GESTION	2	10,420	0.02%	248,200
LES ISSAMBRES	63,282	63,282	100.00%	2,495,000
SOCIÉTÉ GÉRONTOLOGIQUE DU CENTRE OUEST – SGCO	129	2,500	5.16%	34,139
SOCIÉTÉ HOSPITALIÈRE DE TOURAINE	1,310	3,899	33.60%	2,736,389
SCI LE TEILLEUL	825,003	1,375,010	60.00%	1,650,000
KORIAN LES ARCADES	504	504	100.00%	14,953,525
RÉSIDENCE MAGENTA	500	500	100.00%	18,272,718

Impairment of securities	Net value of securities	Share capital	Annual profit/ loss	Net position excluding share capital	Dividends received by Korian SA	Loans and advances granted by Korian SA
0	142,848,576	25,595,679	13,485,410	57,139,555	0	0
0	237,404,144	121,478	-7,920,690	84,894,200	0	0
-384,859	415,416	120,000	-30,247	295,416	0	2,651,576
0	385,511,361	6,842,865	-4,715,245	256,230,964	0	0
0	60,980	N/A	0	0	0	0
0	2,875,031	7,500	1,698,411	2,700,377	1,673,700	0
0	8,000,920	60,980	4,248,553	5,240,637	0	34,857,666
0	3,203	3,049	538,593	-1,109,403	0	69,256,121
0	100,000	100,000	-12,062	-12,062	0	21,235,826
-1,573,282	423,637	76,225	-2,351	345,441	0	0
0	5,000	5,000	-5,675	-66,672	0	56,972
0	7,419,922	356,731	614,438	-145,644	0	15,778,015
0	1,551,438	40,320	1,106,555	1,591,747	0	894,018
0	10,637,761	915,000	833,620	925,122	1,198,566	0
0	18,425,594	308,000	1,021,887	1,917,967	782,166	690,498
0	3,967,264	403,540	941,714	4,636,008	1,845,346	0
0	100	4,610,000	-7,488	-8,635	0	0
0	10,000	10,000	-479,101	-486,945	0	0
0	14,510,000	14,510,000	-154,253	-494,209	0	0
0	1,005,896,274	50,976,012	-12,279,770	96,248,141	33,440,483	446,674,942
0	12,707,293	38,112	47,146	947,388	2,686,939	0
0	584,388	N/A	0	0	0	0
0	7,138,788	38,112	206,203	2,804,323	0	0
-248,200	0	N/A	0	0	0	0
0	2,495,000	964,728	537,577	4,007,364	0	0
0	34,139	38,112	525,227	1,359,992	23,697	0
0	2,736,389	58,485	-4,516	4,394	441,777	0
-115,581	1,534,419	2,750,000	-18,302	-192,626	0	0
0	14,953,525	40,320	836,652	1,868,658	4,345,434	0
0	18,272,718	40,000	840,414	2,023,493	6,772,769	0

Annual financial statements at 31 December 2018

Name of company owned	Number of securities owned	Number of securities issued	% interest	Gross value of securities
LE CLOS CLÉMENT 77 RESIDENCE DU BOIS CLEMENT	2,500	2,500	100.00%	4,609,661
KORIAN BRUNE	500	500	100.00%	17,902,471
KORIAN LES LILAS	504	504	100.00%	11,415,425
SAINT-CYR GESTION	76,004	76,004	100.00%	2,233,644
KORIAN FLORIAN CARNOT	8,500	8,500	100.00%	12,798,013
LIERRES GESTION	40,000	40,000	100.00%	5,114,002
KORIAN LES BÉGONIAS	24,166	28,568	84.59%	121,707,160
MEDOTELS	73,763	73,763	100.00%	149,254,403
CLINIQUE DE SOINS DE SUITE ET RÉADAPTATION CHÂTEAU DE GLETEINS	6,250	6,250	100.00%	7,078,053
LA PINÈDE	250	250	100.00%	2,855,691
KORIAN LES OLIVIERS	1,000	1,000	100.00%	11,528,594
CENTRE DE RÉADAPTATION FONCTIONNELLE DE CAEN	3,700	3,700	100.00%	5,880,337
CLINIQUE CARDIOLOGIQUE DE GASVILLE	2,500	2,500	100.00%	4,492,332
LES FLOTS	44	1,057	4.16%	967,416
CENTRE MÉDICAL INFANTILE MONTPRIBAT	2,505	2,505	100.00%	9,439,235
CENTRE DE RÉÉDUCATION FONCTIONNELLE DE SIOUVILLE	70	6,000	1.17%	537,749
LE MONT BLANC	30	60,000	0.05%	1,906
CLINIQUE DU CANAL DE L'OURCQ	3,700	3,700	100.00%	987,532
HAD YVELINES SUD	3,700	3,700	100.00%	7,162,403
SOCIÉTÉ NOUVELLE DE LA CLINIQUE DU MESNIL	382	382	100.00%	18,415,745
CENTRE DE SOINS DE SUITE DE SARTROUVILLE	3,700	3,700	100.00%	11,319,598
LES TROIS TOURS	1,606	5,606	28.65%	3,481,187
CLINIQUE DE SACLAS	1,000	1,000	100.00%	14,811,685
SOCIÉTÉ CLINIQUE SOINS DE SUITE NOISY LE SEC	2,500	2,500	100.00%	8,217,300
CLINIQUE DE LIVRY-SULLY	3,500	3,500	100.00%	10,488,743
SOCIÉTÉ D'EXPLOITATION CLINIQUE DU PERREUX	2,500	2,500	100.00%	15,259,708
NEWCO BEZONS	6,966	6,966	100.00%	8,160,371

Impairment of securities	Net value of securities	Share capital	Annual profit/ loss	Net position excluding share capital	Dividends received by Korian SA	Loans and advances granted by Korian SA
0	4,609,661	38,112	277,043	2,662,991	0	0
0	17,902,471	38,500	986,965	2,232,945	6,872,733	359,794
0	11,415,425	40,320	604,279	2,000,219	4,000,000	0
0	2,233,644	2,147,040	471,577	1,234,425	0	0
0	12,798,013	136,000	897,481	1,763,733	4,600,000	0
0	5,114,002	448,000	541,549	1,908,267	0	0
0	121,707,160	1,062,825	-3,121,072	19,089,459	10,399,018	0
0	149,254,403	1,124,886	4,954,184	102,108,790	39,619,458	118,961,344
0	7,078,053	100,000	245,281	646,457	0	0
0	2,855,691	38,250	642,671	3,090,466	0	0
0	11,528,594	304,898	903,265	1,951,954	686,760	972,217
0	5,880,337	37,000	381,799	883,420	0	0
-1,815,594	2,676,738	37,500	-628,947	-987,950	0	1,096,179
-617,322	350,094	16,172	82,394	985,647	0	506,441
0	9,439,235	38,188	46,560	832,072	0	411,465
0	537,749	96,000	284,733	1,241,205	7,380	0
0	1,906	960,000	-1,209,282	-9,122,082	0	8,784,372
0	987,532	37,000	-13,779	-8,530,906	0	10,637,602
0	7,162,403	37,000	568,163	1,231,391	0	15,833,788
0	18,415,745	131,100	1,147,197	3,192,466	924,027	0
0	11,319,598	37,000	592,864	1,475,753	724,452	77,588
0	3,481,187	85,463	2,374,600	3,117,017	529,108	0
0	14,811,685	701,000	832,610	1,346,788	1,500,000	0
0	8,217,300	38,112	340,465	876,886	473,773	287,843
0	10,488,743	140,000	811,177	1,965,165	631,980	0
0	15,259,708	38,112	1,129,487	2,076,191	949,738	0
0	8,160,371	111,456	320,600	1,165,961	0	0

Receivables maturity schedule

Statement of receivables	Total	Due in < 1 year	Due in > 1 year
Loans and receivables related to equity interests	674,703	1	674,702
Other financial assets	215	-	215
Other trade receivables	89,200	89,200	-
Personnel and related accounts	139	139	-
Social security and other welfare organisations	100	100	-
Government and local authorities			
- Income tax	6,373	6,373	-
- Value added tax	2,284	2,284	-
- Misc.	155	155	-
Group and associates	995,859	330,182	665,677
Sundry debtors	1,728	1,728	-
Prepaid expense	1,328	1,076	252
TOTAL	**1,772,087**	**431,238**	**1,340,846**

Marketable securities and cash

Available cash in bank was stated at its nominal value.

Korian's treasury shares are valued using the weighted average price method. The table below shows the change in treasury shares over the year.

In euros	Number	Amount
Balance at 31.12.2017	**38,854**	**1,149,500**
2018 Purchases	1,179,154	34,929,154
2018 Sales	1,171,622	34,623,424
2018 Net gain/(loss) on disposal		*-50,494*
BALANCE AT 31.12.2018	**46,386**	**1,455,230**

Prepaid expense

Prepaid expenses are shown in the table below.

Prepaid expenses	2018	2017
Maintenance	423	480
Swap cash payments and interest expense on derivative instruments	446	682
Other	459	748
Rent	0	622
TOTAL	**1,328**	**2,532**

Deferred income

Deferred income is detailed in the table below.

Deferred income	2018	2017
Management commissions	155	611
Work and project management	-	-
TOTAL	**155**	**611**

Accrued income and expenses

Accrued income or expense	Income	Expense
Accrued interest on loans	9,941	1,228
Accrued interest on bonds	-	11,992
Accrued interest on swaps	-	750
Suppliers, invoices not yet received	-	13,584
Non-Group trade receivables, invoices to be issued	7,247	-
Group trade receivables, invoices to be issued	89	-
Social security liabilities	136	8,677
Social security contributions on social security liabilities	-	3,971
Accrued income/expenses – Government	2,245	3,150
Accrued interest on current accounts	5,192	594
Accrued bank interest	72	62
TOTAL	**24,922**	**44,008**

Changes in shareholders' equity

Statement of changes in equity

Changes in shareholders' equity	*(in thousands of euros)*
At start of year	**1,598,058**
Capital increase	4,970
Additional paid-in capital	21,726
Legal reserve	3,094
Other reserves	0
Retained earnings	10,194
2017 income	-61,869
2018 profit/(loss)	69,630
Regulated provisions	3
AT YEAR END	**1,645,806**

The "Regulated provisions" cover accelerated depreciation on share buyback costs.

Provisions for risks and expenses

Provisions for risks and expenses are shown in the table below.

			Reversals		
In thousands of euros	**31.12.2017**	**Allowances**	**Used**	**Not used**	**31.12.2018**
Provisions for risks and expenses					
Other provisions for risks and expenses	476		-242		234
Provisions for wage-related claims and disputes	1,138	2,022	-1,061		2,099
TOTAL	**1,614**	**2,022**	**-1,303**	**0**	**2,333**

The provision for wage-related claims and disputes pertains mainly to remuneration-related restructuring costs and labour disputes.

Financial liabilities

Amounts owed to credit institutions	**2018**	**2017**
Bank overdrafts	62	13
Redemption premium	963	0
Total	**1,025**	**13**
Bank loans		
• < 1 year	60,000	68,056
• > 1 year	400,000	504,200
Accrued interest	1,228	1,568
Total bank loans	**461,228**	**573,824**
Issuance of short-term negotiable debt securities	**114,000**	**115,000**
TOTAL BANK DEBT	**576,253**	**688,837**

On 31 December 2018, Korian's gross borrowings consisted of:

- €400 million under syndicated loan;
- €60 million of medium-term borrowings;
- a €963 thousand redemption premium;
- €1.2 million in accrued interest;
- €114 million in short-term negotiable debt securities (previously commercial paper).

Liabilities maturity schedule

Statement of debt and liabilities	Total	< 1 year	> 1 year and < 5 years	> 5 years
Other bonds	1,573,492	119,492	1,195,500	258,500
Loans and other borrowings	576,253	175,530	400,723	
Sundry loans and other financial liabilities	666,489	750		665,739
Trade payables and related accounts	30,701	30,701		
Personnel and related accounts	8,680	8,680		
Social security contributions, other social contributions	6,062	6,062		
Gov.: Income tax	0	0		
Gov.: VAT	2,893	2,893		
Gov.: other taxes	1,963	1,963		
Suppliers of non-current assets	2,300	2,300		
Group and associates	38,944	38,944		
Other liabilities	3,230	3,230		
Deferred income	155	155		
TOTAL	**2,911,162**	**390,700**	**1,596,223**	**924,239**

Breakdown of statement of financial position and income statement items for affiliates and equity holdings

Financial income and expenses	Amount for affiliated companies	Amount for equity interests
Loans	673,702	-
Gross equity interests	2,368,657	309
Debit balance current accounts	995,859	-
Credit balance current accounts	704,624	-
Financial expenses	594	-
Financial income	140,961	46

Annual revenue

Revenue is broken down below.

	2018	2017
Subsidiary management fees	57,486	52,884
Project management assistance for subsidiaries	1,895	1,095
Reinvoiced employee expenses	2,971	2,075
Other reinvoiced items	1,248	2,310
Service agreements	19,878	18,088
Reinvoiced property rental expenses	296	293
TOTAL	**83,774**	**76,745**

In 2018, Korian generated revenue of €79,980 thousand in France and €3,794 thousand abroad.

Transferred operating expenses

These totalled €1,836 thousand.

They include:

- reimbursement of training costs (€155 thousand);
- reimbursement of sick pay and benefits in kind (€698 thousand);
- the cost of bond issuance and expenses related to loans from credit institutions (€859 thousand);
- in relation to the elimination of social security charges on employee profit-sharing for 2017 paid in 2018: €124 thousand.

Operating expenses

Purchases and external expenses

The most significant purchases and external expenses are shown in the following table.

Non-recurring income and expenses	2018	2017
Purchases to reinvoice	1,090	2,331
Subcontracting	5,363	4,146
Property Leases	2,453	2,435
Equipment rental expenses	1,401	842
Maintenance	4,120	2,680
Temporary employee expenses	1,135	736
Technical assistance services	11,816	12,417
Professional fees	25,803	13,694
Travel expenses	3,304	3,303
Telecommunications	2,027	1,331
Banking services	4,698	8,616
Recruitment costs	586	548
Others expenses	4,670	5,349
TOTAL	**68,466**	**58,428**

In 2018, Korian SA paid its statutory auditors, Mazars and Ernst & Young, total fees of €543 thousand for the statutory auditing and certification of its annual accounts. The fees for other auditing and related services (mainly concerning the CSR report, financial due diligence and the CICE certificate) totalled €200 thousand.

Most of the increase in professional fees was attributable to the Group's acquisitions.

Taxes

See the table below.

Non-recurring income and expenses	2018	2017
Taxes and duties on compensation	1,599	1,498
Corporate value-added tax/Corporate real estate contribution	416	488
Real estate tax	320	273
Non-recoverable VAT	344	273
Vehicle tax	74	76
Organic	97	97
Other taxes	68	76
TOTAL	**2,918**	**2,781**

Wages and social security contributions

See the table below.

Non-recurring income and expenses	2018	2017
Wages and salaries	33,548	30,243
Social security contributions	14,782	11,793
TOTAL	**48,330**	**42,036**

Average workforce

The average workforce over the year was 446 employees. For more information see the table below.

Type of employee	2018	2017
Managerial staff	334	294
Other employees	111	112
TOTAL	**445**	**407**

Financial income and expenses

See the table below.

	2018		2017	
Financial income and expenses	**Income**	**Expense**	**Income**	**Expense**
Financial income from equity interests	125,176	-	112,181	
Interest on current accounts	5,192	594	8,399	3,729
Interest on borrowings		48,464		46,706
Cost of financial instruments		7,082		8,294
Income from loans	10,638	-	10,989	
Provisions	3,552	1,605	1,430	976
Other	2,270	924	1,554	165
TOTAL	**146,828**	**58,669**	**134,553**	**59,870**

Non-recurring income and expenses

See the table below.

Non-recurring income and expenses	Income	Expense
Disposal of property, plant and equipment	-	87
Tax accelerated depreciation	-	3
2016 tax adjustment	269	-
Securities transactions	4,657	4,751
Sundry non-recurring income	1,157	-
Sundry non-recurring expenses	-	5,033
TOTAL	**6,083**	**9,874**

Off-balance sheet commitments

Joint and several guarantees on rental payments

Since the Group's creation, the leases between Korian's subsidiaries and institutional lessors have been secured by a surety or a rental guarantee by Korian.

Under the finance lease transactions carried out since December 2009, Korian has stood surety for the lease commitments of its subsidiaries.

Commitments given

To relieve its subsidiary Curanum of its obligation to publish its financial statements in Germany, Korian provides it with an annual "letter of support".

Disputes

To the knowledge of the Company and its legal advisors, there are no disputes that are not covered by provisions and which are likely to have a material impact on its business, results or financial position.

Pension commitments

The estimated current value of the Company's pension commitments to all of its employees is based on the following assumptions:

- calculation method used: projected credit unit;
- female mortality table: TGF05;
- male mortality table: TGH05;
- discount rate: 1.67%
- collective bargaining agreement: CCU;
- retirement age: 60 to 64 years;
- retirement conditions: retirement is at the employee's initiative.

Severance payments at 31 December 2018 amounted to €1,438 thousand and were not provisioned in the individual company financial statements.

Derivative financial instruments (at fair value)

The Company uses derivative financial instruments (swaps and caps) to hedge the interest rate risk associated with its variable-rate financing.

The fair value of these instruments is shown in the table below.

In millions of euros	Value at 31 December 2018	Nominal
Swap	-14.4	620.0
Cap	1.7	832.5

Asset and liability guarantees received

In accordance with its usual practice, the Group has obtained guarantees on the liabilities of all of its acquisitions.

Asset and liability guarantees given

When selling companies outside of the Group, Korian has granted guarantees on tax, tax-related, customs duties and social security liabilities that cover the entire period during which these liabilities may be claimed. Guarantees on all other liabilities are valid for 18 months after the transfer of title.

Bank guarantees given

On 21 July 2016, Korian refinanced its syndicated loan agreement. Under this new syndicated loan agreement, compliance with the financial ratio (net debt - real estate debt)/(EBITDA – 6.5% of real estate debt) must be tested Group-wide on a semi-annual basis. The leverage thus calculated must not exceed 4.5 on 31 December and 4.75 at 30 June, throughout the term of the loan.

Bank guarantees received

Korian holds a €976 thousand independent bank guarantee payable on first demand.

Repurchase commitments

Korian has agreed to buyback equity interests in Seniors Santé group subsidiaries at the seller's request:

- Block 3: purchase of an additional 20% when approval is obtained from the safety commission.

Share-based payments

2016 Performance units plan

On 14 September 2016, on the recommendation of the Compensation and Appointments Committee the Board of Directors approved a long-term variable compensation plan for the benefit of certain members of General Management, including the Chief Executive Officer, to reward them for achieving the objectives of the five-year strategic plan. Under this plan "performance units" are granted, with one performance unit entitling its beneficiary to one Korian share (or its value in cash), subject to the terms and conditions indicated below:

- the vesting period is from 14 September 2016 to 30 June 2019 (the "Vesting Date");
- the entitlement to and the payment of the vested performance units is subject to the condition that the beneficiary is still a salaried employee or corporate officer of a Korian group company on the Vesting Date (with the usual exemptions in the event of death, retirement or disability);
- for each beneficiary, the number of units vested will depend on the extent to which the five-year strategic plan's performance targets for 2018 revenue and EBITDA are fulfilled, and on Korian's share price in comparison with the performance of the SBF 120 index over the vesting period;
- the units will be redeemed by each beneficiary's employer as follows:
  - 50% of the total value of units earned will be paid in existing Korian shares, the number of which will be determined based on the average closing price of the Korian share during the 20 trading days prior to the Vesting Date, and
  - the remaining 50% of the total value of the vested units will be redeemed in cash;
- it is understood that the Board of Directors reserves the right to modify the above 50/50 proportion in respect of the units granted to the Chief Executive Officer, who may in turn modify this proportion in respect of the units granted to the other beneficiaries who are members of General Management;
- upon completion of the vesting period, the shares received in payment of the units may be sold or otherwise transferred, subject to the obligation that corporate officers and officers of related companies have to keep 25% of the shares they receive in payment for the performance units throughout their term of office;
- the total value of the vested performance units cannot exceed 100% of the annual gross fixed and variable remuneration (in respect of those granted to the Chief Executive Officer) and 150% of the annual gross fixed and variable remuneration (in respect of the other beneficiaries who are members of General Management);
- Korian reserves the right to redeem all or some of the vested units in cash, at a unitary value that is equivalent to the average closing share price over the 20 trading days preceding the Vesting Date.

At 31 December 2018, there were 108,990 free shares available under this plan (assuming all shares are converted), subsequent to the departure of certain beneficiaries in 2018.

Pursuant to IFRS standards, the total cost of the 2016 performance units is €1,762 thousand (excluding social security charges) at 31 December 2018.

The 2017 Free Shares plan

On 18 July and 13 September 2017, with authorisation from the General Meeting of 22 June 2017, the Board of Directors approved a free shares plan for certain members of General Management, subject to the fulfilment of performance conditions relating to 2019 sales and EBITDA per share and to Korian's share price performance relative to the SBF 120 over the vesting period.

In accordance with the powers delegated by the Board of Directors, the Chief Executive Officer, after selecting the beneficiaries, noted that 340,615 shares in the company were granted under this plan.

The granting of the free shares will vest and their ownership will be transferred to their beneficiaries on 4 August 2020 or on 13 September 2020, depending on the grant date, subject to continued employment. Once vested, the shares may be freely disposed of, except by corporate officers, which will have an obligation to hold at least 25% of these shares.

At 31 December 2018, there were 296,613 free shares available under this plan, subsequent to the departure of certain beneficiaries in 2018.

Pursuant to IFRS standards, the total cost of this plan is €3,518 thousand (excluding social security charges) at 31 December 2018.

The 2018 Free Shares plan

On 14 June and 12 September 2018, with authorisation from the General Meeting of 14 June 2018, the Board of Directors approved a free shares plan for certain employees and corporate officers of the Korian group subject to the fulfilment of performance conditions relating to 2020 sales and EBITDA per share and to Korian's share price performance relative to the SBF 120 over the vesting period.

In accordance with the powers delegated by the Board of Directors, the Chief Executive Officer, after selecting the beneficiaries, noted that 126,017 shares in the company were granted under this plan.

The allocation of these free shares will vest and their ownership will be transferred to their beneficiaries on 30 June, 12 September and 19 October 2021, subject to continued employment. Once vested, the shares may be freely disposed of, except by corporate officers, which will have an obligation to hold at least 25% of these shares.

At 31 December 2018, there were 121,837 free shares available under this plan, subsequent to the departure of certain beneficiaries in 2018.

Pursuant to IFRS standards, the total cost of this plan is €1,214 thousand (excluding social security charges) at 31 December 2018.

Other information

Compensation paid to executive bodies

The following compensation was paid to the executive bodies for fiscal 2018:

- fixed compensation: €4,485 thousand;
- variable compensation: €2,603 thousand;
- Company car allowance: €91 thousand.

Compensation paid to management bodies

For 2018, a gross amount of €400,000 was paid as attendance fees to the members of the Board of Directors and as compensation for the Board Observer.

The members of the Board are also entitled to reimbursement, on production of receipts, of travel expenses incurred in attending Board and specialised committee meetings. Directors, other than the Chairman of the Board and the Board Observer, did not receive any other components of compensation for 2018 from the Company.

Article 1.9 of the Board of Directors' Internal Regulations provides for the following allocation of attendance fees:

Of the annual total amount of attendance fees of €400,000:

- the sum of €350,000 will be divided among the directors as a fixed payment and on the basis of their actual attendance at Board and committee meetings;
- the balance of €50,000 is used to pay (i) an additional attendance fee to non-resident independent Directors and (ii) compensation for services rendered by the Board Observer(s).

The sum of €350,000 will be divided among the directors in accordance with the following rules:

- 45% of the above amount of attendance fees will be divided equally among Board members as a fixed payment, with the Chairman entitled to double fees and independent directors to sextuple fees;
- 30% of the above amount will be divided among Board members in proportion to the number of Board meetings they attend, with the Chairman entitled to double fees;
- 25% of the above amount will be divided among the members of the various committees in proportion to the number of committee meetings they attend, with the Chairman of each committee entitled to double fees.

A Director who takes part in a Board or committee meeting *via* a telephone conference call will be entitled to only half fees.

If, exceptionally, a committee meeting is held (i) during a suspension of a Board of Directors' meeting, or (ii) immediately before, or (iii) immediately after a Board meeting, compensation will be paid only for the Board of Directors' meeting.

If more than one Board of Directors' meeting is held on the same day, in particular on the day of the Annual General Meeting, Directors' attendance at such meetings will be counted as attendance at one meeting.

Tax consolidation

In the absence of a tax consolidation agreement, income tax expense is borne by the subsidiaries. The annual tax savings achieved through the consolidated tax group, resulting from the various tax deficits, adjustments, dividend and other tax credits, is retained by the parent company Korian and is treated as an immediate gain for the fiscal year.

When a subsidiary returns to profitability, the parent company Korian will bear a corresponding income tax expense for that year.

The Korian consolidated tax group comprised 129 companies in 2018 (including Korian).

In the absence of a tax consolidation agreement, the Group's net income tax expense for 2018 would have been €32,794 thousand.

The tax consolidation regime generated a tax profit of €25,091 thousand for the parent company.

The consolidated tax group's ordinary taxable income for 2018 was €22,522 thousand.

The Group received €25,310 thousand in CICE tax credits for 2018.

The Group also received €582 thousand in tax credits for its patronage and apprenticeship initiatives.

Korian SA alone posted tax income of €25,882 thousand in 2017, consisting mainly of a €25,091 thousand gain on tax consolidation, plus tax credits for corporate philanthropy totalling €315 thousand.

Taxes

	Before tax	Income tax	After tax
Net profit/(loss) from continuing operations	47,539	0	47,539
Non-recurring profit (loss)	-3,791	0	-3,791
Impact of tax consolidation and tax credits		-25,882	-25,882
Accounting profit/(loss)	43,748	-25,882	69,630

Increases and decreases in future tax liabilities

Increases

• Reallocation of tax deficits to subsidiaries	€67,005,298
• For a future tax expense	€23,069,924

Decreases

• Organic	€96,619
• For a future tax reduction of	€32,206

6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free English translation of the statutory auditors' report on the consolidated financial statements of the Company issued in French and is provided solely for the convenience of English-speaking readers.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Financial year ended December 31, 2018

To the Annual General Meeting of the Korian company,

Opinion

In compliance with the engagement for which we have been appointed by your Shareholders' Meetings, we have audited Korian SA's annual financial statements for the financial year ended 31 December 2018, as appended to this report.

We certify that, in light of French accounting rules and policies, the annual financial statements are true and accurate and give a fair view of the results of the operations for the financial year ended December 31, 2018, as well as of the Company's financial position and assets and liabilities at the year ended 2018.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We performed our audit in accordance with professional standards applicable in France. We consider that the audit evidence that we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the statutory auditors relating to the audit of the annual financial statements".

Independence

We conducted our audit engagement, from 1 January 2018 to the date of our report, in accordance with the independence rules applicable to us and, in particular, we did not provide services prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of ethics for the statutory auditors (*Code de déontologie*)

Justification of assessments - Key audit matters

Pursuant to the provisions of article L. 823-9 of the French Commercial Code regarding the justification for our assessments, we inform you of the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements for the year ended December 31, 2018, as well as the responses we provided to these risks.

These assessments were made in the context of the audit of the annual financial statements taken as a whole and the opinion we formed, as expressed above. We do not express an opinion on any items in these annual financial statements considered separately.

Measurement of equity interests

Identified risks

At 31 December 2018, equity interests are recognised as assets for a net carrying amount of €2,363 million. They are recognised for their acquisition cost, including ancillary costs, and impairment is recognised if this value exceeds their value in use or their market value.

As stated in the note "Main accounting methods" to the financial statements, the value in use of each equity interest is the difference between the subsidiary's enterprise value and its net debt on the balance sheet date.

The enterprise value of each subsidiary is based on assumptions and estimates determined by the Group management for each considered business (France Seniors and France Santé businesses), and including discounted future cash flows estimates based on the 2019 budget.

The market value is measured using observed recent market data.

Due to the weight of equity interests on the balance sheet and the importance of management's judgment in determining the assumptions on which the value in use estimates are based, we deemed that the measurement of equity interests is a key audit matters.

Our response

To assess whether the estimate of the value in use of equity interests is reasonable, on the basis of the information provided to us, our work consisted primarily of:

- reviewing the budget process and key controls associated with this process;

- obtaining the methods used to calculate the value in use, in particular Cash Flow and operating forecasts for the facilities operated by the entities representative of these equity interests, in order to:
  - assess the consistency thereof with the 2019 budgets established by management and approved by the Board of Directors,
  - assess whether the assumptions used to project flows over the 2020-2022 period are reasonable,
  - comparing the forecasts used for prior impairment tests with the corresponding performances in order to assess the performance of prior objectives;
- verifying, on a test basis, the arithmetical accuracy of the calculations of the values in use applied by the Company.

To assess whether the estimate of the market value of the equity interests is reasonable, we reviewed the relevance of the market data used by the Management.

Specific verifications

In accordance with the auditing standards applicable in France, we have also performed the specific verifications required by law.

Information provided in the management report and other documents sent to the shareholders on the financial position and the annual financial statements

We have no observations to make regarding the truthfulness of the information contained in the Board of Directors' management report and in the documents sent to the shareholders on the financial position and the annual financial statements, or its consistency with said annual financial statements.

We attest to the fair presentation and the consistency with the annual financial statements of the information given with respect to the payment terms referred to in article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information provided pursuant to article 225-37-3 of the French Commercial Code on remunerations and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we certify the accuracy and truthfulness of this information.

Concerning the information on factors that your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer that is provided pursuant to the provisions of article L. 225-37-5 of the French Commercial Code, we verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the acquisition of equity investments and controlling interests, as well as the identities of the shareholders and holders of the voting rights have been disclosed to you in the management report.

Information based on other statutory or regulatory obligations

Appointment of the statutory auditors

Mazars was appointed as statutory auditor of Korian SA in the original Articles of association of 2003, and Ernst & Young et Autres was appointed by the General Meeting of 23 June 2011.

At 31 December 2018, Mazars was in the sixteenth uninterrupted year of its assignment (including thirteen years since the Company's shares were admitted to trading on a regulated market) and Ernst & Young et Autres was in its eighth year.

Responsibilities of management and those charged with Governance for the annual financial statements

Management is responsible for preparing annual financial statements that present a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary to prepare annual financial statements that are free of material misstatements, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern accounting basis of accounting, unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for overseeing the process used to prepare financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, if applicable, the internal audit system, with respect to the accounting and financial reporting procedures.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the annual financial statements

Objective and audit approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements.

Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can systematically detect all material misstatements. Misstatements may be due to fraud or error and are considered material if it can reasonably be expected that, taken individually or cumulatively, they may influence the economic decisions that users of the financial statements take based thereon.

As specified by article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist of guaranteeing the viability or the quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises its professional judgment throughout such audit. He also:

- identifies and assesses the risks that the annual statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects evidence that it deems sufficient and appropriate to form the basis for its opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, because fraud may involve collusion, falsification, voluntary omissions, misrepresentations or circumventing internal controls;
- reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal control system;
- assesses whether the accounting methods used are appropriate and whether the accounting estimates made by management are reasonable, as well as the information about them provided in the annual financial statements;
- assesses the appropriateness of management's use of the going concern accounting basis of accounting and, based on the audit evidence collected, whether a material uncertainty exists related to events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that there a material uncertainty exists, he draws the attention of the readers of his report to the information provided in the consolidated financial statements about such uncertainty or, if this information is not provided or is not relevant, he issues a qualified certification or refuse certification;
- evaluates the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events in a manner that gives a true and fair view thereof.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit work and the audit program implemented, as well as the conclusions based on our work. We also report, if any, significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that we consider to have been the most significant for the audit of the annual financial statements for the period and that, therefore, constitute key points of the audit that we are required to describe in this report.

We also provide the Audit Committee with the declaration required by article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of ethics for the statutory auditors.

If applicable, we discuss with the Audit Committee the risks to our independence and the related safeguards.

Courbevoie and Paris-La Défense, March 27, 2019

The Statutory auditors

French original signed by

MAZARS

Manuela Baudoin-Revert

ERNST & YOUNG et Autres

May Kassis-Morin

6.5 STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free English translation of a report issued in French and is provided solely for the convenience of English-speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Financial year ended December 31, 2018

To the General Meeting of the Korian company,

In our capacity as the statutory auditors of your Company, we hereby present our report on related-party agreements and commitments.

It is our duty to inform you, on the basis of the information that has been provided to us, about the characteristics and material terms of agreements and commitments that have been reported to us or that we discovered in performing our assignment, as well as the grounds showing that they are in the Company's interest. However, it is not our role to comment on whether they are beneficial or appropriate, or to ascertain whether any other related-party agreements or commitments exist. Pursuant to article R. 225-31 of the French Commercial Code (Code de Commerce), it is your responsibility to determine whether entering into these agreements and commitments was beneficial, with a view to approving them.

In addition, if applicable, it is our duty to provide you with the information required by article R. 225-31 of the French Commercial Code on the execution, during the past financial year, of related-party agreements and commitments already approved by a General Meeting

We performed those procedures which we deemed necessary in accordance with the professional guidelines issued by France's national institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relevant to this type of engagement. These procedures consisted in verifying that the information provided to us was consistent with the source documents from which it was taken.

Related-party agreements and commitments submitted for approval at the General Meeting

Related-party agreements and commitments authorised since year-end

We were informed of the following related-party agreements and commitments authorised since the close of the last financial year and previously authorised by your Board of Directors.

With Sophie Boissard, Chief Executive Officer of your Company

Nature and purpose

During its meeting held on 14 March 2019, your Board of Directors authorised the amendment to the terms of the non-compete commitment made towards Sophie Boissard by the Board of Directors during its meeting held on 18 November 2015, with a view to paying her non-compete compensation on a monthly basis.

Terms and conditions

These monthly payments of the non-compete compensation will be made over the duration of the non-compete commitment made towards Sophie Boissard, i.e. two years.

Reasons justifying why the Company benefits from this agreement

As Chief Executive Officer, Sophie Boissard has strategic functions within your Company.

Related-party agreements and commitments previously approved by a General Meeting

In accordance with article R. 225-30 of the French Commercial Code, we were informed that the following related-party agreements and commitments already approved during General Meetings held in previous years had continued to be exe-cuted over the past year.

With Sophie Boissard, Chief Executive Officer of your Company

Nature and purpose

At its meeting on 18 November 2015, your Board of Directors authorised the award of a severance payment, a non-compete compensation and the benefit of group insurance coverage and unemployment insurance to Sophie Boissard.

Terms and conditions

The main terms and conditions are as follows:

- severance pay in the event of the termination or non-renewal of her corporate office (except for gross negligence or wilful misconduct) due to a change in strategy or control, in which case payment will be conditioned on meeting performance criteria and will be in an amount equal to the benchmark annual compensation plus 25% per year of service, but without exceeding 200% of the benchmark annual compensation, after deducting any amount owed as non-compete compensation, if the Company does not waive the benefit of the non-compete clause;
- non-compete compensation amounting to 50% of the fixed annual gross compensation received during the twelve months prior to the date on which the event triggering departure occurs, which can be combined, if applicable, with the severance payment, although the two combined payments may not exceed two years of fixed and variable annual compensation (in which case severance pay will be reduced accordingly);
- coverage under the joint "medical expenses" and "disability, invalidity and death" schemes in force within the Company for the benefit of salaried managers;
- unemployment insurance including coverage for the risk of removal from office specifically for company managers, as well as payment of the costs of this insurance.

Courbevoie and Paris-La Défense, March 27, 2019

The Statutory auditors

French original signed by

MAZARS

Manuela Baudoin-Revert

ERNST & YOUNG et Autres

May Kassis-Morin



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7.1 INFORMATION ON THE COMPANY

7.1.1 / COMPANY NAME AND HEAD OFFICE

The Company's registered office was transferred to the jurisdiction of the Paris Commercial Court on 8 June 2006.

The Company was registered in the Besançon Trade and Companies Registry on 25 March 2003 (Registration No. 447 800 475) as a Société Anonyme company with Supervisory board and Executive board, for a period of 99 years.

On 21 March 2012, the Company was converted into a Société Anonyme company with a Board of Directors and its registered office was transferred from 32, rue Guersant – 75017 Paris to 21-25, rue Balzac – 75008 Paris on 15 June 2015.

The Company's telephone number is +33 (0)1 55 37 00 00.

7.1.2 / MEMORANDUM AND ARTICLES OF ASSOCIATION

The Articles of association are available in full in the Governance section on the Company's website **www.korian.com**.

The information below describes the Company's operating procedures, which were unchanged in 2018.

The Company's Articles of association have been updated to reflect Resolution 27 of the General Meeting of 14 June 2018 on the compliance of article 15.1 of these Articles of association with decree no. 2014-1466 of 8 December 2014 (change of the date for establishing the list of persons entitled to participate in shareholders' meetings as a shareholder of the Company), as well as the Chief Executive Officer's decisions of 31 March 2018, 12 July 2018 and 29 March 2019 confirming the capital increases following (i) the acquisition of (free) shares by certain members of General Management, and (ii) the exercise, by certain shareholders, of the option for payment of the dividend in shares.

7.1.2.1 Corporate purposes

Article 3 of the Articles of association states that Korian's corporate purposes involve:

- *"all management, management consultancy and ownership activities relating to companies specialised in the healthcare and elder care sector, specifically in nursing homes for dependent elderly persons, post-acute care and rehabilitation facilities, psychiatric clinics, home care for dependent elderly persons and, more generally, dependency care and services for elderly persons; and,*
- *more generally, the acquisition of equity interests, by any means, in all existing or future companies, businesses or enterprises, and all financial, commercial, industrial, real and personal property transactions that may be directly or indirectly related to any of the purposes specified above, or any similar or related purpose that may promote the development of the Company's assets."*

7.1.2.2 Administrative and management bodies

Details on the operation and compensation of the Board of Directors and General Management are provided in articles 11 and 13 of the Articles of association and Chapter 5 of the present registration document.

Article 11. Board of Directors

"The Company is governed by a Board of Directors comprised of a minimum of three (3) members and a maximum of eighteen (18) members, subject to the exceptions provided for by law in the event of a merger."

11.1 Appointment – Dismissal – Resignation of members of the Board of Directors

11.1.1 Appointment

"The members of the Board of Directors, who may be individuals or legal entities, and who may but need not be shareholders, shall be elected by an Ordinary General Meeting of shareholders. In the event of a merger or demerger, Directors may be appointed by an Extraordinary General Meeting.

Appointment to the Board of Directors is subject to conditions laid down by law relating to the holding of multiple directorships. An individual may not be appointed as a Director if he/she is subject to restrictions resulting from the incompatibilities, disqualifications or prohibitions laid down by the statutes or regulations in force. Any Director who infringes the above limitations must, within three (3) months following his/her appointment, resign from his/her other directorship (s). Failing this, at the expiry of this period, the Director shall be deemed to have resigned from his/her new directorship.

At least two-thirds of the members of the Board of Directors must be under the age of seventy (70).

If this proportion is breached, the situation must be rectified no later than by the conclusion of the next Ordinary General Meeting. The situation may be rectified by voluntary resignations and, if necessary, the co-opting of new Directors or, failing this, by compulsory retirements that will take effect at the conclusion of the next Ordinary General Meeting, which shall make the necessary new appointment (s). The oldest Director (s) on the date the percentage is exceeded shall be deemed to retire automatically.

If a legal entity is appointed as a member of the Board of Directors, it shall designate a permanent representative, who shall be subject to the same requirements and obligations, and shall incur the same civil and criminal

liability, as if he/she were a member of the Board of Directors in a personal capacity, without prejudice to the joint liability of the legal entity that he/she represents. Permanent representatives shall be subject to the same age requirements as individual members of the Board of Directors.

If the legal entity dismisses its representative, it shall appoint a replacement at the same time. The term of office of a permanent representative designated by a legal entity appointed to the Board of Directors shall be of the same duration as the term of office of the legal entity. If the legal entity dismisses its permanent representative, it shall promptly inform the Company of such dismissal, by registered letter, and provide the name of its new permanent representative. The same procedure shall apply in the event of the permanent representative's death or resignation.

The appointment and termination of the office of the permanent representative are subject to the same publication requirements as if he/she were a member of the Board of Directors in a personal capacity."

11.1.2 Term of office – Reappointment

"Directors shall be appointed by an Ordinary General Meeting of shareholders for a term of three (3) years and, thereafter, one-third of the Board shall be elected each year. Exceptionally, in order to allow a staggered renewal of the Directors' appointments, the General Meeting may appoint one or more Directors for a term of one (1) or two (2) years.

The term of office of a Director shall expire at the end of the Annual Ordinary General Meeting of shareholders convened to approve the financial statements for the past year that is held during the year in which the term of office expires.

Upon the expiry of their terms of office, Directors may be re-appointed."

11.1.3 Resignation – Vacancy

"If a member of the Board of Directors resigns or dies while in office, he/she may be replaced by co-option, provided the number of members of the Board of Directors remaining in office does not fall below the legal minimum.

If, owing to the foregoing events, the number of Directors falls below the number required by the Articles of association without falling below the legal minimum, the Board of Directors shall make the necessary temporary appointments to restore its full complement within three (3) months from the date on which the vacancy occurs.

The appointments made by the Board of Directors pursuant to these provisions are subject to ratification by the next Ordinary General Meeting. Failing ratification, the decisions made and acts carried out previously by the Board of Directors nevertheless remain valid.

A Director appointed to replace another Director shall only hold the position during the remaining portion of his/her predecessor's term of office.

If the Board of Directors fails to make the required appointments, or if a General Meeting is not convened, any interested party may request that the courts appoint a representative charged with convening a General Meeting in order to make the necessary appointments or ratify the appointments at issue. This representative shall be appointed by the President of the Commercial Court (tribunal de commerce), ruling on petition.

If the number of Directors falls below the legal minimum, the remaining Directors shall immediately convene an Ordinary General Meeting with a view to restoring the full complement of the Board of Directors."

11.1.4 Dismissal

"The members of the Board of Directors may be dismissed by an Ordinary General Meeting at any time."

11.1.5 Board observers

"The Board of Directors may be assisted in its work by between one (1) and three (3) observers appointed by an Ordinary General Meeting of shareholders for a period of two (2) years.

These observers may be individuals or legal entities, and may but are not required to be shareholders. Observers attend meetings of the Board of Directors without voting rights and provide general advice to the Directors, who are not required to follow their opinions or recommendations. The observers are bound by the same confidentiality obligations as Directors, and may be dismissed at any time by an Ordinary General Meeting.

In consideration for services rendered, the observer (s) may receive compensation pursuant to terms decided by the Board of Directors and which will be deducted from the attendance' fees awarded to Board members by a General Meeting."

11.2 Organisation and deliberations of the Board of Directors

11.2.1 Chairman – Vice-Chairman

"The Board of Directors shall elect a Chairman from among its members, who must be an individual under the age of seventy-five (75).

The term of office of the Chairman shall be three (3) years but may in no event exceed his/her term of office as Director. The Chairman may be re-elected.

The Chairman of the Board of Directors organises and directs the business of the Board, reports thereon to General Meetings and implements its decisions. He/she shall ensure that the Company's bodies run smoothly and that its Directors are able to perform their duties.

The Board of Directors shall determine the compensation paid to the Chairman.

The Chairman may be dismissed by the Board of Directors at any time. If the Chairman is dismissed, he/she retains his/her position as Director.

The Board of Directors shall also elect a Vice-Chairman from among its members, who must be an individual under the age of seventy-five (75). The term of office of the Vice-Chairman shall be three (3) years but may in no event exceed his/her term of office as Director. The Vice-Chairman may be re-elected. The Vice-Chairman may be dismissed by the Board of Directors at any time. If the Vice-Chairman is dismissed, he/she retains his/her position as Director.

The Vice-Chairman's duties also include chairing meetings of the Board of Directors and organising and directing its business if the Chairman is absent or unable to perform."

11.2.2 Secretary

"The Board of Directors shall appoint a secretary, who may but is not required to be a Board member, and who shall be responsible for keeping the Board of Directors' registers and documents up to date, or causing them to be kept up to date."

11.2.3 Meetings of the Board of Directors

"The Chairman or Vice-Chairman may convene the Board of Directors as often as necessary, but at least once per quarter. The agenda shall be set by the person who convenes the meeting. However, the Chairman or Vice-Chairman, as applicable, may add any item to the agenda he/she deems necessary.

The meetings of the Board of Directors shall be held either at the Company's head office or in any other location that may be specified by the Chairman or Vice-Chairman.

The notice informing the members of the Board of Directors of the meeting may be sent by any means, including by letter, fax or e-mail, five (5) business days in advance, or less in the event of an emergency. Regular meetings to be held on specific dates shall be set at the start of each year according to a schedule drawn up by the Board of Directors and recorded in the minutes of the meeting held for this purpose. This schedule precludes the need for any notice of meeting to be given, provided the date, time or location decided for a meeting are not changed.

Directors representing at least one-third (1/3) of the members of the Board may request the Chairman or Vice-Chairman to convene a Board of Directors meeting to consider a specific agenda.

The Chief Executive Officer may also request the Chairman or Vice-Chairman to convene a meeting of the Board of Directors to consider a specific agenda.

Meetings of the Board of Directors may be held by videoconference, in accordance with the requirements and procedures laid down by the statutes, regulations and rules of procedure of the Board of Directors. Meetings may also be held using means of telecommunications that enable identifying Directors and allowing them to participate, in accordance with the requirements and procedures laid down by the statutes, regulations and rules of procedure of the Board of Directors."

11.2.4 Quorum – Majority

"The Board of Directors may deliberate validly only if at least half of its members are present. Decisions shall be adopted by a majority vote of the members present or represented, with each Director having one vote. In the event of a tie vote, the Chairman does not have the casting vote.

Directors who attend Board of Directors meetings via *videoconference or means of telecommunications shall be counted when calculating the quorum and majority, except for decisions for which the French Commercial Code does not allow this procedure."*

11.2.5 Representation – Chairman – Meeting secretary

"Any member of the Board of Directors may grant, by letter, telegram, mandate, e-mail or any other written document, a proxy to any other member of the Board of Directors, conferring on such member the power to represent him/her at a Board of Directors meeting.

Each member of the Board of Directors may hold only one proxy per meeting, granted in accordance with the provisions of the previous paragraph. These provisions apply to the permanent representative of a legal entity that is a member of the Board of Directors.

Meetings shall be called to order and chaired by the Chairman of the Board of Directors, or the Vice-Chairman if the Chairman is absent or unable to perform.

If the Chairman and Vice-Chairman are absent or unable to perform, the Board of Directors shall designate one of its members who is present to chair the meeting. If the permanent secretary is absent, the Board of Directors may appoint, at each meeting, any individual to perform this role."

11.2.6 Attendance register – Minutes of deliberations

"An attendance register shall be kept, which shall be signed by the members of the Board of Directors who attend the Board of Directors meeting, and which shall state the names of the Directors present, represented or deemed to be present (i.e. *who take part in the meeting* via *videoconference or means of telecommunications).*

The minutes shall be prepared and kept in accordance with the requirements laid down by the regulations in force. Copies and excerpts from the minutes of meetings shall be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers or a representative duly authorised for this purpose.

If the Company is liquidated, these copies and excerpts shall be validly certified by a single liquidator."

11.3 Powers of the Board of Directors

"Pursuant to its general powers, the Board of Directors shall determine the Company's business strategy and ensure that it is implemented. Within the limits of the corporate purposes, and subject to the powers expressly granted by law to Shareholders' meetings, the Board of Directors shall examine all issues in relation to the proper operation of the Company and, by its decisions, shall resolve matters concerning it.

In addition to the powers defined by law, the Board of Directors shall make decisions concerning inter alia:

(i) the approval of the Company's strategic business plan and subsequent amendments thereto;

(ii) the approval of the annual budget;

(iii) the disposal of properties with a value greater than fifteen (15) million euros;

(iv) the full or partial sale of equity interests with a value greater than fifteen (15) million euros;

(v) obtaining loans for an amount greater than fifty (50) million euros;

(vi) acquiring assets (such as companies or equity investments), with an enterprise value greater than fifteen (15) million euros.

The Board of Directors shall perform the checks and verifications it deems necessary.

The relocation of the head office anywhere in France may be decided by the Board of Directors, subject to ratification of such decision by the next Ordinary General Meeting.

The Board of Directors shall draw up rules of procedure that resolve, in addition to these Articles of association, issues relating to its meetings and deliberations, as well as any internal limitations on the powers of the Chief Executive Officer and Deputy Chief Executive Officers.

Each Director shall, in a timely manner, receive all necessary information pertaining to the decisions to be adopted. In addition, each Director is entitled to request that he/she be provided with all information necessary to be fully informed of the Company's business operations."

11.4 Directors representing employees

"In accordance with article L. 225-27-1 et seq. *of the French Commercial Code, the Board of Directors shall have one or two Directors representing employees:*

- *if only one Director is to be appointed, he/she shall be chosen by the trade union that received the highest number of votes in the first round of the elections referred to in articles L. 2122-1 and L. 2122-4 of the French Labour Code within the Company and its direct or indirect subsidiaries headquartered in France;*
- *if two Directors are to be appointed, they shall be chosen by each of the two trade unions that received the highest number of votes in the first round of the elections referred to in articles L. 2122-1 and L. 2122-4 of the French Labour Code within the Company and its direct or indirect subsidiaries headquartered in France.*

The term of office of the Director (s) representing employees shall be three (3) years. When their terms of office expire, renewal of the Director (s) representing employees requires that the conditions laid down in article L. 225-27-1 of the French Commercial Code continue to be met.

Within six (6) months of an amendment to the Articles of association, or when the terms of office of the Director(s) representing employees expire, the relevant trade union(s) will be requested, in a letter that is hand-delivered in exchange for a signed receipt or in a registered letter with acknowledgement of receipt, to appoint a Director representing employees who meets the conditions required by law, in particular the conditions laid down in article L. 225-28, paragraph 1, and article L. 225-30 of the French Commercial Code.

Within fifteen (15) days, the trade union shall provide the Chairman of the Board of Directors with the name and position of the Director representing employees, by registered letter with acknowledgement of receipt.

The duties of Directors appointed pursuant to article L. 225-27-1 of the French Commercial Code shall expire at the conclusion of the Annual Ordinary General Meeting of shareholders that voted on the financial statements for the prior year, and that is held in the year in which their terms of office expire.

Termination of the employment contract also terminates the terms of office of Directors appointed pursuant to article L. 225-27-1 of the French Commercial Code.

Directors appointed pursuant to article L. 225-27-1 of the French Commercial Code may be dismissed for misconduct in the performance of their duties, in accordance with the conditions of article L. 225-32 of the French Commercial Code.

In the event the seat of a Director representing employees appointed pursuant to this article becomes vacant due to death, resignation, dismissal, termination of the employment contract or any other reason, the vacancy shall be filled in accordance with the same requirements. The term of office of the Director thus appointed shall expire on the normal expiry date of the terms of office of the other Directors appointed pursuant to article L. 225-27-1 of the French Commercial Code."

Article 12. General Management

12.1 Choice of methods for performing general management functions

"The Company's general management functions shall be performed, under his/her responsibility, by either the Chairman of the Board of Directors or another individual, who may but need not be a Director, appointed by the Board of Directors, with the title of Chief Executive Officer.

The choice of methods for performing general management functions shall be made by the Board of Directors at its meeting held to appoint the Chairman. This decision shall be adopted by a majority vote of the Directors present, represented or deemed to be present. The shareholders and third parties shall be notified in accordance with regulatory requirements.

If the Company's general management functions are performed by the Chairman of the Board of Directors, the provisions of these Articles of association concerning the Chief Executive Officer shall apply to him/her."

12.2 Appointment – Dismissal – Resignation of the Chief Executive Officer

"No person may be appointed Chief Executive Officer – or remain in that position – if as a result of a conviction that has become final, he/she has been prohibited from directing, managing or controlling, in any capacity, a commercial or industrial undertaking or commercial company.

The Chief Executive Officer shall be appointed by the Board of Directors, which shall set his/her compensation, the duration of his/her term of office and, if applicable, the limitations on his/her powers applicable internally, other than those laid down by these Articles of association. The Chief Executive Officer shall be no older than sixty-five (65). The Chief Executive Officer shall be considered to have automatically resigned at the conclusion of the first meeting of the Board of Directors held after he/she reaches this age limit. The Chief Executive Officer may be re-appointed.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, the Chief Executive Officer may be entitled to damages, unless the Chief Executive Officer combines his/her position with that of Chairman of the Board of Directors."

12.3 Powers of the Chief Executive Officer

"Subject to the powers expressly granted by law to Shareholders' meetings, as well as the powers conferred by law and the Articles of association on the Board of Directors with respect to decisions concerning the Company and the companies it controls within the meaning of article L. 233-3 of the French Commercial Code, and within the limits of the corporate purposes, the Chief Executive Officer shall have the broadest possible power to act in all circumstances in the name of the Company.

The Chief Executive Officer shall be responsible for the general management of the Company and for representing it in its relations with third parties. The Company shall be bound by actions of the Chief Executive Officer that do not fall within the corporate purposes, unless it proves that the third party was aware that the action exceeded the corporate purposes or, in view of the circumstances, could not have been unaware thereof. However, mere publication of the Articles of association is not in itself sufficient proof thereof.

Any limitations on the powers of the Chief Executive Officer are not binding on third parties."

12.4 Deputy Chief Executive Officers

"No person may be appointed Deputy Chief Executive Officer – or remain in that position – if as a result of a conviction that has become final, he/she has been prohibited from directing, managing or controlling, in any capacity, a commercial or industrial undertaking or commercial company.

Pursuant to a proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer and holding the title of Deputy Chief Executive Officer. They may not exceed five (5) in number.

Deputy Chief Executive Officers shall be appointed by the Board of Directors, which shall set their compensation, the duration of their terms of office and, if applicable, the limitations on their powers applicable internally, other than those laid down by these Articles of association. The term of office of a Deputy Chief Executive Officer may not exceed that of the Chief Executive Officer. Deputy Chief Executive Officers may be re-appointed.

Deputy Chief Executive Officers shall be no older than sixty-five (65). Deputy Chief Executive Officers shall be considered to have automatically resigned at the conclusion of the first meeting of the Board of Directors held after they reach this age limit.

Unless decided otherwise by the Board of Directors, if the Chief Executive Officer is unable to act, the Deputy Chief Executive Officer(s) shall retain their positions and powers until the appointment of a new Chief Executive Officer.

Pursuant to a proposal of the Chief Executive Officer, Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors. Deputy Chief Executive Officers dismissed without just cause may be entitled to damages.

Vis-à-vis third parties, each Deputy Chief Executive Officer has the same powers as the Chief Executive Officer and is responsible for the general management of the Company and for representing it in its relations with third parties.

The Company shall be bound by actions of any Deputy Chief Executive Officer that do not fall within the corporate purposes, unless it proves that the third party was aware that the action exceeded the corporate purposes or, in view of the circumstances, could not have been unaware thereof. However, mere publication of the Articles of association is not in itself sufficient proof thereof.

Any limitations on the powers of the Deputy Chief Executive Officers are not binding on third parties."

Article 13. Compensation paid to members of the Board of Directors and General Management

"An Ordinary General Meeting may award Directors, as compensation for their activity, an annual fixed sum of attendance fees, which the meeting shall establish without being bound by previous decisions. This sum shall be recognised in the accounts as operating expenses.

The Board of Directors shall, at its own discretion, distribute among its members the total amount awarded to it as attendance fees. It may also award a greater amount to members of the Board of Directors who serve on committees than the amount awarded to other Directors. The Board of Directors may also award extraordinary compensation for specific duties or assignments its members may be appointed to perform. This compensation, which shall also be recognised as operating expenses, is subject to the special procedure applicable to related party agreements.

The number of members of the Board of Directors who hold employment contracts with the Company may not exceed one-third of the members in office. However, the Directors elected by the employees are not counted when determining this number.

The compensation paid to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (s) shall be set by the Board of Directors in accordance with the provision of these Articles of association. Such compensation may be fixed or variable based on the criteria decided by the Board of Directors, or both fixed and variable.

Commitments may be made to the Chairman, the Chief Executive Officer or the Deputy Chief Executive Officers with respect to compensation, allowance or benefits payable or potentially payable due to the termination or a change in their position, or following such termination or change. In such a case, these commitments shall be subject to the approval procedure for related party agreements."

7.1.2.3 Rights pertaining to each share

Articles 7 and 9 of the Company's Articles of association set out the rights pertaining to each share.

Article 7. Shares

"Shares may be held in registered or bearer form at the discretion of the shareholder. Title to shares, whether in registered or bearer form, is acquired by their registration on the shareholders' accounts in accordance with requirements and in the manner prescribed by the statutes and regulations in force.

*However, any shareholder, whether an individual or a legal entity, who owns, directly or through the entities it controls within the meaning of article L. 233-3 of the French Commercial Code, a percentage of the shares or voting rights of the Company equal to at least one-twentieth (5%) of the share capital or voting rights (a "**Relevant Shareholder**") must hold all shares that he/she/it owns in registered form and ensure that the entities he/she/it controls within the meaning of article L. 233-3 of the French Commercial Code also hold the shares they own in registered form.*

Any Relevant Shareholder who fails to comply with this requirement may be penalised in accordance with the provisions of the applicable statutes and regulations.

The Company is authorised to assert, at any time, the statutes and regulations in force with respect to the identification of holders of securities that confer, immediately or in the future, voting rights at the Company's Shareholders' meetings, and the disclosure of all information relating to such holders. Failure of the holders of the securities or their intermediaries to comply with their obligation to disclose the information referred to above may, in accordance with statutory and regulatory requirements, result in the suspension or withdrawal of the voting rights and dividend rights pertaining to the shares."

Article 9. Rights pertaining to shares

"Each share confers the right to a share of the Company's assets, profits and liquidation surplus in proportion to the number of existing shares.

All shares that comprise or may comprise the share capital shall always be treated equally regarding tax liabilities. Consequently, all taxes and other assessments, which upon reimbursement of the capital of such shares, may, for whatever reason, be owed for certain shares only, during the existence of the Company or upon its liquidation, shall be divided among all shares which make up the share capital at the time of such reimbursement(s), in such a manner that all current or future shares confer on their owners, taking into account, if applicable, the nominal and non-reimbursed value of the shares and the rights of shares of different classes, the same actual rights and give them the right to receive the same net amount.

Voting rights pertaining to equity shares are proportional to the percentage of the share capital they represent, with the same nominal value. Each share entitles the holder to one (1) vote. This ratio of one (1) vote per share shall apply notwithstanding any non-mandatory legislative or regulatory amendment to the contrary (in particular, an automatic grant of double voting rights in certain situations). No double voting rights are granted in application of the last paragraph of article L. 225-123 of the French Commercial Code.

The subscription right pertaining to shares shall be held by the legal owner, unless otherwise agreed by the parties.

Ownership of a share shall be deemed to imply acceptance of the Company's Articles of association, the decisions of General Meetings, and the decisions of the Board of Directors acting pursuant to authority delegated by the General Meetings.

Whenever it is necessary to hold several shares to exercise any right, single shares or less than the requisite number of shares shall not confer any rights on the holders thereof against the Company, and the shareholders shall in such case make personal arrangements to pool the necessary number of shares."

7.1.2.4 Convening Annual and Extraordinary General Meetings of shareholders and conditions for attendance

Article 15.1 of the Company's Articles of association sets out the provisions for convening Annual and Extraordinary General Meetings of shareholders and the conditions for attending such meetings.

"General Meetings shall be convened and deliberate in accordance with the requirements laid down by the law.

Meetings shall be held at the head office or any other location specified in the notice of meeting.

All shareholders are entitled to attend General Meetings and to take part in deliberations, either personally or by proxy in accordance with statutory and regulatory requirements, merely by proving, in accordance with applicable statutory and regulatory requirements, their identity and the registration of the shares in the name of the shareholder or of an intermediary registered on his/her/its behalf.

In addition, any shareholder may, if the Board of Directors allows when convening a General Meeting, take part in the meeting via *videoconference and vote by any means of telecommunication or remote transmission, including the Internet, in accordance with the requirements prescribed by the laws applicable at the time such methods are used. This decision shall be indicated in the notice of meeting.*

Shareholders may vote by post in accordance with the requirements and procedures prescribed by the statutes and regulations. Any shareholder may submit, in paper format or, upon the decision of the Board of Directors, electronically, proxy forms and postal voting forms before all General Meetings. Shareholders who, within the required time limit, use the electronic voting form provided on the website set up by the organiser of the meeting shall be counted as shareholders present or represented. Shareholders may complete and sign the electronic voting form directly on the website, using any method approved by the Board of Directors and that complies with the requirements set out in the first sentence of the second paragraph of article 1316-4 of the French Civil Code and articles R. 225-77 and R. 225-79 of the French Commercial Code and, more generally, by the statutes and regulations in force, which may include, for example, a login code and a password. A proxy or vote thus cast before the meeting using these electronic means, and the acknowledgement of receipt delivered, will be deemed irrevocable, legally-binding written documents. In the event shares are transferred before the second (2nd) business day prior to the meeting by midnight Paris time, the Company will invalidate or modify, as applicable, the proxy or vote submitted before such date and time.

Meetings shall be chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman or, in his/her absence, by a member of the Board of Directors specially appointed for this purpose by the Board. Failing this, the meeting shall elect its own Chairman.

The duties of scrutineer shall be performed by the two members of the meeting with the highest number of votes who accept said duties.

The officers shall appoint the secretary, who need not be a shareholder.

An attendance sheet shall be drawn up in accordance with the requirements prescribed by the statutes and regulations. Copies and excerpts of the minutes of meetings shall be validly certified by the Chairman of the Board of Directors or the Secretary of the meeting."

7.1.2.5 Threshold-crossing disclosures

Article 8 of the Company's Articles of association deals with threshold-crossing disclosures.

"Shares may be freely traded and transferred.

Any individual or legal entity acting alone or in concert with others, who acquires or relinquishes, directly or indirectly, at least two-hundredths (0.5%) of the share capital or voting rights of the Company, or a multiple of this percentage, is required to notify the Company by registered letter with acknowledgement of receipt, addressed to the Company's head office, within four (4) days of each threshold being crossed, and to state the number of shares and voting rights held (alone, directly or indirectly, or in concert with others), as well as (a) the number of shares held conferring future equity rights and the number of voting rights pertaining thereto, (b) the shares and voting rights already issued that this person may acquire, pursuant to an agreement or a financial instrument and (c) all information required by article L. 233-7 of the French Commercial Code. Investment fund management companies are required to provide this information for all shares in the Company held by the funds they manage.

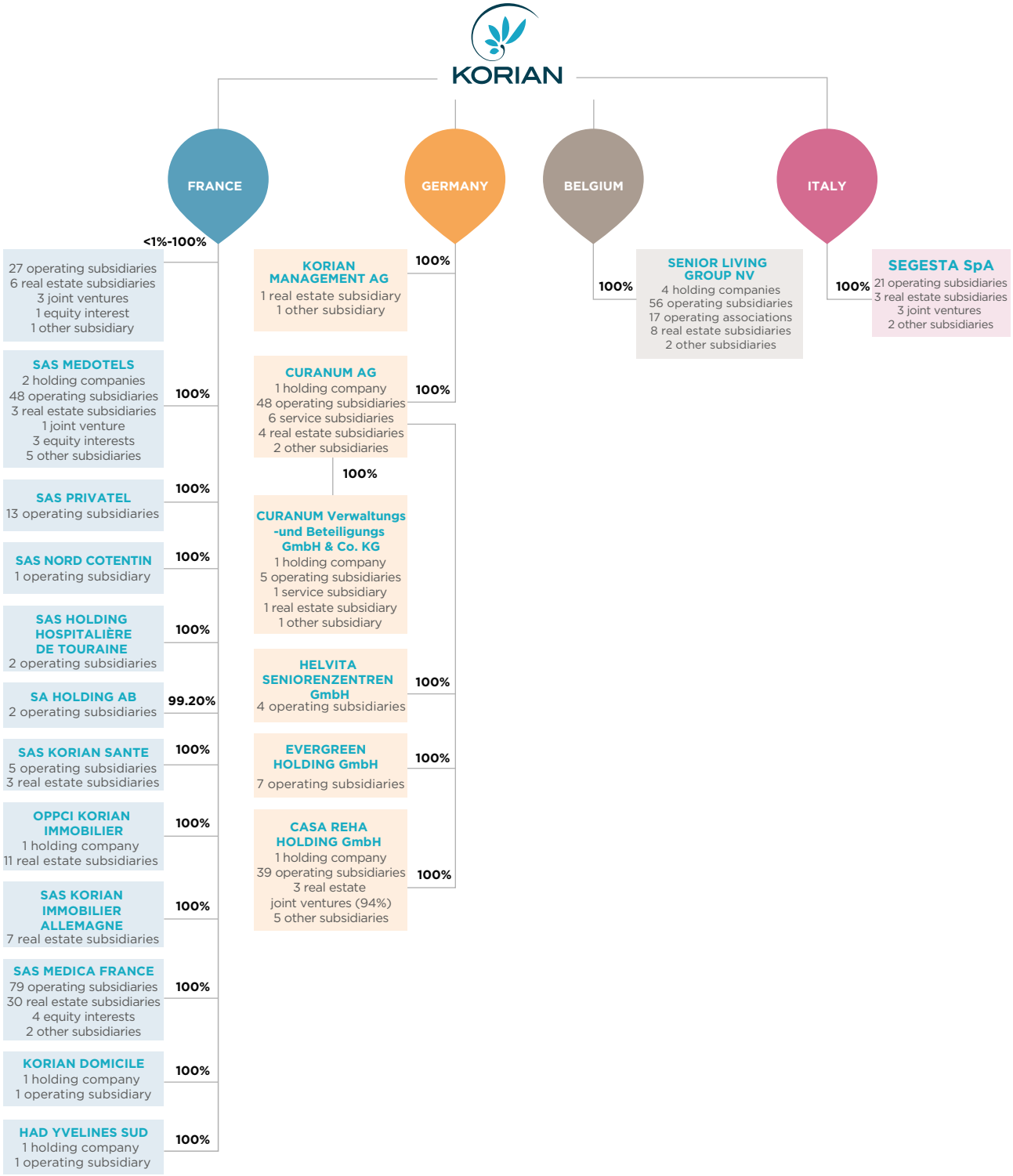
If they are not properly disclosed in accordance with the conditions set forth above, any shares in excess of the fraction that should have been disclosed shall be, subject to the conditions and limits laid down by law, deprived of voting rights in all Shareholders' meetings for a period of two (2) years from the date on which the failure to make this disclosure is rectified.

This penalty will only be applied at the request of one or more shareholders holding at least one two-hundredth (0.5%) of the Company's share capital or voting rights, as recorded in the minutes of a General Meeting."

7.1.3 / LEGAL STRUCTURE

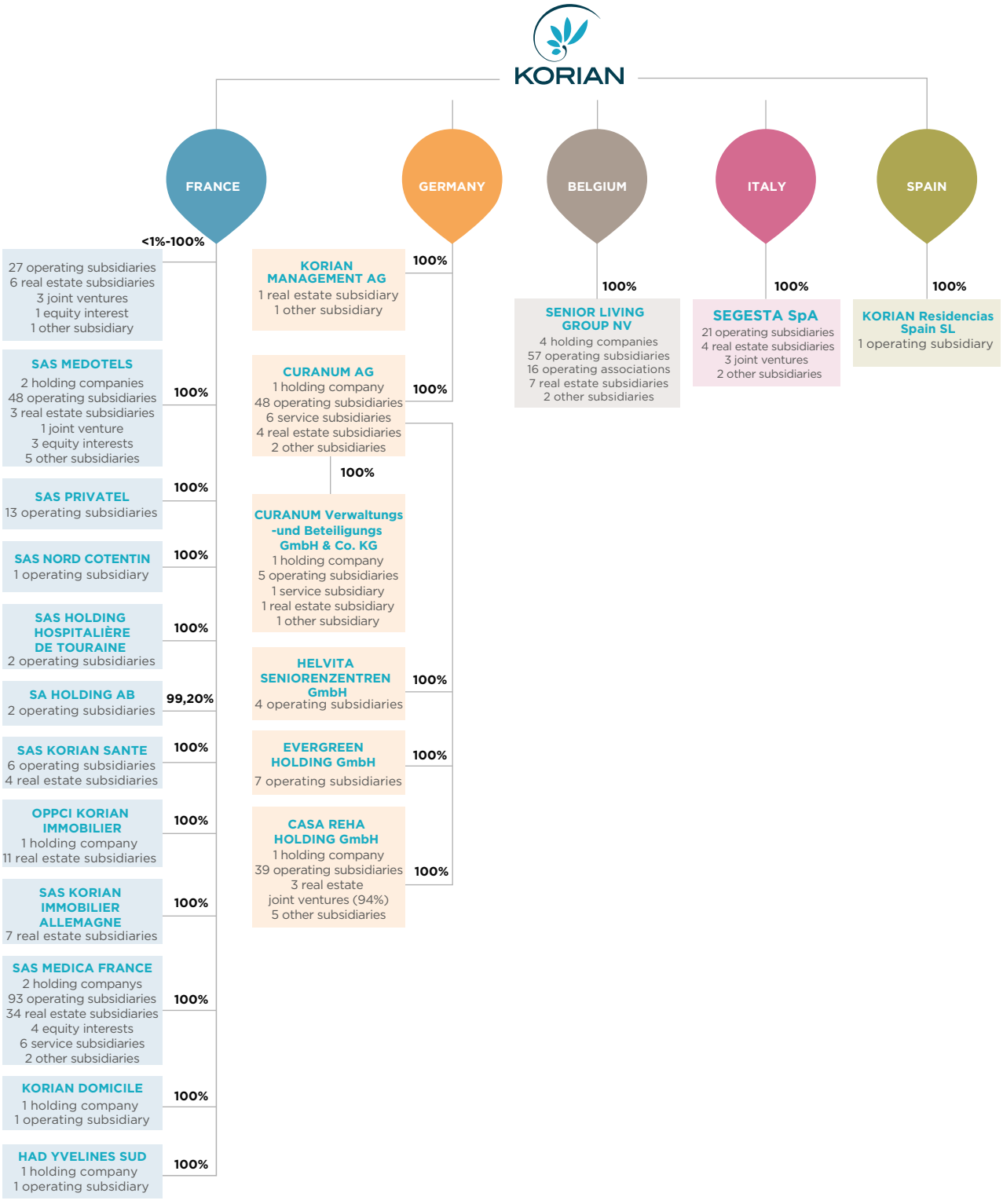
7.1.3.1 Simplified legal structure of Korian group as at 31 December 2018

The simplified legal structure of the Group as at 31 December 2018 is shown below:



7.1.3.2 Simplified legal structure of Korian group as at 14 March 2019

The Group's simplified legal structure as at 14 March 2019 is shown below:



7.2 INFORMATION ON THE SHARE CAPITAL

7.2.1 / SHARE CAPITAL

At 31 December 2018, Korian's share capital was divided into 81,976,425 shares with a nominal value of €5 each, for a total of €409,882,125. All shares are fully paid up.

Each share carries one vote at General Meetings of shareholders.

In accordance with article 9 of the Company's Articles of association, no shares hold double voting rights.

After a final allocation of shares to certain key managers, the Company carried out a €45,690 share capital increase on 31 March 2019 by issuing 9,138 new shares with a par value of €5 each, thus increasing the share capital to €409,927,815 divided into 81,985,563 shares (see section 7.2.4.2 of the registration document).

7.2.2 / CHANGES IN THE COMPANY'S SHARE CAPITAL OVER THE LAST THREE YEARS

Date	Type of transaction	Number of shares issued	Capital increase	Share emission	Nominal value	Number of shares	Total capital
21 January 2016	Share capital determined by the Board of Directors following the exercise of 3,000 share options.	3,000	€15,000	€35,490	€5	79,468,673	€397,343,365
20 July 2016	Confirmation by the Chief Executive Officer of the creation of shares granted in respect of dividend payments in new shares.	709,369	€3,546,845		€5	80,178,042	€400,890,210
31 March 2017	Confirmation by the Chief Executive Officer of the creation of new shares allocated in respect of the 2014 performance shares plan.	26,361	€131,805		€5	80,204,403	€401,022,015
19 July 2017	Confirmation by the Chief Executive Officer of the creation of shares granted in respect of dividend payments in new shares.	777,940	€3,889,700		€5	80,982,343	€404,911,715
31 March 2018	Confirmation by the Chief Executive Officer of the creation of new shares allocated in respect of the 2015 performance shares plan.	1,220	€6,100		€5	80,983,563	€404,917,815
12 July 2018	Confirmation by the Chief Executive Officer of the creation of shares granted in respect of dividend payments in new shares.	992,862	€4,964,310		€5	81,976,425	€409,882,125

7.2.3 / ISSUED AND UNISSUED AUTHORISED CAPITAL

7.2.3.1 Delegations and authorisations currently valid

The following table shows the delegations and authorisations granted to the Board of Directors by the General Meeting of shareholders and currently valid in respect of capital increases, as well as the extent to which these were used during the 2018 financial year.

Nature of authorisation/ delegation	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2018
14th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to reduce the Company's share capital by cancelling treasury shares (either currently held or acquired through the share buyback programme). The reduction will be limited to 10% of the Company's share capital over a 24-month period.	10% of share capital	26 months	N/A
15th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to increase share capital by issuing ordinary shares of the Company's stock and/or other securities that carry equity rights in the Company and/or the right to receive debt securities, with maintenance of shareholders' preferential subscription rights, up to a maximum total nominal amount of €200 million, in respect of the issuance of equity securities, or €1 billion in respect of debt securities that carry equity rights.	**€200,000,000**	26 months	N/A
16th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to increase share capital by issuing ordinary shares of the Company's stock and/or other securities that carry equity rights in the Company and/or that carry the right to receive debt securities, with cancellation of shareholders' preferential subscription rights, *via* a public offering of securities (on a regulated market), not to exceed a total nominal amount of €40,491,700 in respect of the issuance of equity securities and a total nominal amount of €1 billion for debt securities that carry the right to acquire share capital.	**€40,491,700** in equity securities **€1,000,000,000** in debt securities carrying the right to acquire share capital	26 months	N/A
17th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to increase share capital by issuing ordinary shares of the Company's stock and/or other securities that carry equity rights in the Company and/or that carry the right to receive debt securities, with cancellation of shareholders' preferential subscription rights, through a private placement of securities to qualified investors or an investors' club, that is not to exceed a total nominal amount of 10% of the Company's share capital and a total nominal amount of €1 billion for debt securities that carry the right to acquire share capital.	10% of share capital **€1,000,000,000** in debt securities carrying the right to acquire share capital	26 months	Additional ODIRNANE issue for a nominal amount of approximately €60 million on 17 September 2018, assimilable to the ODIRNANE bonds issued in July 2017.
18th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to increase the number of securities issued for the increases in share capital authorised by the 15th, 16th and 17th resolutions, within the limit of 15% of the initial issue.	15% of the initial issue	26 months	N/A

Nature of authorisation/ delegation	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2018
19th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to set the price of the securities issued pursuant to resolutions 16 and 17: (i) for ordinary shares, the issue price must be ≥ the weighted average share price on the Euronext Paris regulated market on the three trading days before the price is set, to which a maximum discount of 5% may be applied; (ii) for other securities bearing rights to acquire share capital other than ordinary shares, the issue price must be such that the amount immediately received by the Company, plus any amount the Company may subsequently receive, is, for each ordinary share issued as a result of the issuance of these other securities, at least equal to the amount stated in paragraph (i) above, after adjustment of this amount to account for any difference in the vesting date, if necessary. The maximum nominal amount of the capital increase is limited to 10% of the share capital per annum.	10% of share capital	26 months	
20th resolution of the General Meeting of 14 June 2018	Delegation of authority to the Board of Directors to pay for contributions in kind made to the Company. These contributions are paid for by issuing ordinary shares in the Company and/or securities carrying equity rights up to the limit of 10% of the share capital except in the case of a public offering initiated by the Company.	10% of share capital	26 months	N/A
21st resolution of the General Meeting of 14 June 2018	Delegation of authority to the Board of Directors to issue ordinary shares in the Company and/or securities that carry the right to acquire, by any means, the Company's ordinary shares either immediately and/or at some future time, in remuneration for securities contributed to a public offering with an exchange component initiated by the Company in France or to a transaction of equivalent effect in a foreign country involving the securities of the Company or of another company whose securities are traded on one of the regulated markets indicated in article L. 225-148 of the French Commercial Code, to a maximum nominal amount of €40,491,700 in respect of equity securities, and a total nominal amount of €1 billion in respect of debt securities that carry the right to acquire share capital.	**€40,491,700** in equity securities **€1,000,000,000** in debt securities carrying the right to acquire share capital	26 months	N/A
22nd resolution of the General Meeting of 14 June 2018	Delegation of authority to the Board of Directors to increase share capital by capitalising reserves, earnings, premium and any other funds that may be capitalised, through the issuance and allocation of free shares or by increasing the par value of existing ordinary shares, or using both of these methods. Maximum nominal amount of these capital increases: €20 million.	**€20,000,000**	26 months	N/A

Nature of authorisation/ delegation	Purpose	Maximum authorisation granted	Duration	Use of authorisation in 2018
23rd resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to grant free shares, either existing or to be issued, subject to performance conditions and up to a maximum of 1% of the Company's share capital on the date of the Board of Directors' decision (0.1% of the share capital for executive corporate officers). The shares granted to their beneficiaries will vest at the end of a minimum vesting period of three years, and the Board of Directors will, if necessary, specify a period during which the beneficiaries must hold these shares.	1% of share capital	38 months	Number of shares allocated under the 2018 performance share plan (126,017).
24th resolution of the General Meeting of 14 June 2018	Authorisation granted to the Board of Directors to increase share capital by a maximum nominal amount of €4 million, by issuing shares or other securities that carry equity rights exclusively for members of a Company savings plan.	**€4,000,000**	26 months	N/A

7.2.3.2 Securities not representing capital

None.

7.2.4 / POTENTIAL SHARE CAPITAL

7.2.4.1 ODIRNANE bond issue

On 18 September 2018, Korian announced that it had successfully placed a tap issue of undated, unsubordinated and unsecured bonds with an option for repayment in cash and/or new and/or existing shares (ODIRNANE) (the "**New Bonds**"), without preferential subscription rights, for a nominal amount of approximately €60 million.

These New Bonds were issued with a view to refinancing the unlisted hybrid bonds issued in June 2017 for an amount of €60 million. The New Bonds are subject to the same terms (aside from the issue price) as the undated, unsubordinated and unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) issued by Korian on 3 July 2017 (the "**Existing Bonds**") for around €240 million and, following the settlement date of the New Bonds, are fully fungible with the Existing Bonds and traded on the same line of listing (jointly referred to as the "**Bonds**"). The New Bonds were issued at a price of €40.90, including interest accrued over the period from 1 July 2018 to 21 September 2018 for an amount of €0.22 per Bond. The settlement and delivery date of the New Bonds took place on 21 September 2018.

The New Bonds were offered *via* an accelerated bookbuilding process through a private placement exclusively to institutional investors in France and/or outside France (excluding the United States of America, Canada, Australia and Japan). The placement was conducted pursuant to article L. 411-2 II of the French Monetary and Financial Code, as per the 17th resolution approved during the Company's Extraordinary General Meeting held on 14 June 2018. An application was made for admission of the New Bonds to trading on Euronext in Paris with effect as from the settlement-delivery date.

Potential maximum dilution of all of the Bonds amounts to 9.29% of the Company's share capital at 31 December 2018, implying a parity of 1.021 Koran shares per 1 ODIRNANE bond.

7.2.4.2 Long-term compensation plans

Stock option and share purchase plans

At 31 December 2018, there were no Company stock option or share purchase plans underway.

Performance unit and performance share plans

The General Meeting of 14 June 2018 authorised the Board of Directors, for a period of 38 months, to allocate free shares and/or shares to be issued to employees and company agents, or certain categories of such personnel, working for the Company and its related subsidiaries and business combinations, pursuant to the conditions provided for in articles L. 225-197-2 and L. 225-197-1 II of the French Commercial Code.

Details of allocated plans and outstanding shares are provided in the table below.

Record of performance unit/performance share allocations

(Table 9 is compiled in compliance with the recommendations of the AFEP-MEDEF code)

Allocations of Performance units/ Performance shares	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
General Meeting	26 June 2014	26 June 2014	25 June 2015	22 June 2017	14 June 2018
Date of Board of Directors' meeting	10 September 2014	16 September 2015	14 September 2016	18 July 2017 13 September 2017	14 June 2018 12 September 2018
Total number of performance units/ Performance shares vested	153,030	90,649	146,358	340,615	126,017
of which, number awarded to Mrs Sophie Boissard, the Chief Executive Officer (1)	0	0	18,684	62,459	0
Vesting date of Performance units/ Performance shares	31 March 2017 (for French tax residents) 31 March 2019 (for foreign tax residents)	31 March 2018 (for French tax residents) 31 March 2020 (for foreign tax residents)	30 June 2019	4 August 2020	30 June 2021 12 September 2021 19 October 2021
Payment date	31 March 2017 (for French tax residents) 31 March 2019 (for foreign tax residents)	31 March 2018 (for French tax residents) 31 March 2020 (for foreign tax residents)	Between 1 and 30 July 2019	4 August 2020	30 June 2021 12 September 2021 19 October 2021
Performance conditions	Share price, EBITDA, revenue	Share price, EBITDA, revenue	EBITDA, revenue and performance of the Korian share price relative to the SBF 120 index	EBITDA per share, revenue and performance of the Korian share price relative to the SBF 120 index	EBITDA per share, revenue and performance of the Korian share price relative to the SBF 120 index
Total number of performance units/ performance shares vested	26,361 (French residents)	1,220 (French residents)	N/A	N/A	N/A
Total number of performance units/ performance shares in the process of vesting	8,832 (foreign residents)	2,542 (foreign residents)	108,990 (French and foreign residents)	296,613 (French and foreign residents)	121,837 (French and foreign residents)
Total number of performance units/ performance shares cancelled or lapsed (2)	117,837	86,887	37,368	44,002	4,180

(1) The former Chief Executive Officer, Mr Yann Coléou, was awarded performance shares under the 2014 and 2015 Plans. He will not receive the shares under these plans due to his departure from the Company.
(2) Due to the departure of the beneficiaries.

In accordance with the provisions of article L. 225-197-1, paragraph 5, of the French Commercial Code, following the final allocation of 9,138 shares, on 31 March 2019, to foreign managers holding key positions within the Group (free share plan approved by the Board of Directors on 10 September 2014), the Chief Executive Officer acknowledged that the Company's share capital had increased by €45,690, from €409,882,125 to €409,927,815 (divided into 81,985,563 shares), by issuing 9,138 new shares with a nominal value of €5 each.

Information on the 10 main non-executive corporate officers

- In accordance with article L. 225-184 of the French Commercial Code, the Company confirms it has not granted any stock option and/or share buyback plans respect of the 10 non-executive corporate officers who were allocated the highest number of shares, nor are any such plans currently being exercised by them.
- Pursuant to article L. 225-197-4 of the French Commercial Code, the following table shows the shares allocated to the 10 main non-executive beneficiaries and the shares these have definitively acquired.

Shares allocated to the 10 non-executive corporate officers granted the highest number of shares, and the number of shares these have definitively acquired	2016 performance shares plan	2017 performance shares plan	2018 performance shares plan
Shares allocated	66,951	102,881	46,607
Shares vested	N/A	N/A	N/A

7.2.5 / FACTORS WHICH MAY HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

In accordance with article L. 225-37-5 of the French Commercial Code, the following factors may have an impact in the event of a takeover bid:

- the capital structure and direct or indirect investments in the Company's capital of which the Company is aware in accordance with articles L. 233-7 and L. 233-12 of the French Commercial Code are described in paragraphs 7.2.1, 7.2.3 and 7.3.1 of this registration document;
- restrictions imposed by the Company's Articles of association on voting rights and share transfers or contractual clauses brought to the Company's attention in accordance with article L. 233-11 of the French Commercial Code are described in paragraph 7.1 of this registration document;
- the rules governing the appointment and replacement of the members of the Board of Directors are outlined in paragraph 7.1.2.2 of this registration document. The Company's Articles of association may be amended in accordance with article L. 225-96 *et seq.* of the French Commercial Code;
- the powers of the Board of Directors are described in paragraph 4.2.2.3 of this registration document, entitled "Role and duties of the Board of Directors", as well as in paragraph 7.3.2.3 on the implementation of the share buyback programme and the liquidity agreement;
- agreements providing for benefits for Company Officers in the event their positions are terminated due to a takeover bid are discussed in paragraph 4.3.1.2 "Severance pay" in this registration document;
- The financing contracts that entitle the Company's creditors to accelerate the reimbursement of loans made to the Company in the event of a change of control of the Company are described in paragraph 5.3.2.2 and note 9 in paragraph 6.1 of this registration document.

7.2.6 / SIGNIFICANT ACQUISITIONS OF EQUITY INVESTMENTS OR CONTROLLING INTERESTS

In accordance with article L. 233-6 of the French Commercial Code, significant equity investments and controlling interests acquired in other companies that have their registered offices in France, and that were completed during the financial year ended 31 December 2018, are presented in notes 2 and 14.4 of paragraph 6.1 of this registration document.

7.3 SHAREHOLDERS

7.3.1 / CHANGE IN SHARE CAPITAL OVER THE LAST THREE YEARS

Changes in the allocation of the Company's share capital between 31 December 2016 and 31 December 2018 are shown in the table below.

	31 December 2018			31 December 2017			31 December 2016		
Shareholders	Number of shares	% of share capital	% of voting rights [3]	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Predica	19,001,453	23.18%	23.18%	18,586,876	22.95%	22.95%	19,007,812	23.71%	23.71%
Investissements PSP	11,100,000	13.54%	13.54%	11,100,000	13.71%	13.71%	11,100,000	13.84%	13.84%
Malakoff Médéric Group	5,203,892	6.35%	6.35%	5,203,892	6.43%	6.43%	5,203,892	6.49%	6.49%
Korian SA [2]	46,386	0.05%	0.05%	38,854	0.05%	0.05%	33,872	0.04%	0.04%
Free float	46,624,694	56.88%	56.88%	46,052,721	56.86%	56.86%	44,832,466	55.91%	55.91%
TOTAL	**81,976,425** [1]	**100.00%**	**100.00%**	**80,982,343**	**100.00%**	**100.00%**	**80,178,042**	**100.00%**	**100.00%**

(1) Pursuant to the decisions adopted by the Chief Executive Officer on 31 March 2018 and 12 July 2018, respectively, following (i) the final award of 1,220 shares to certain members of General Management (performance shares plan approved by the Board of Directors on 16 September 2015), in accordance with the provisions of article L. 225-197-1, paragraph 5, of the French Commercial Code, and (ii) the issue, on 12 July 2018, of 992,862 new shares in connection with the payment of a share dividend, the share capital was increased by the amount of €4,970,410, by issuing 994,082 shares with a nominal value of €5 each, thereby increasing the share capital from €404,911,715 to €409,882,125, divided into 81,976,425 shares with a nominal value of €5 each.
(2) Treasury shares held in respect of the liquidity agreement.
(3) % of voting rights = gross voting rights, including rights attaching to the treasury shares. Treasury shares do not carry rights to vote at General Meetings. Number of exercisable voting rights at 31 December 2018: 81,930,039.

To the Company's knowledge, no other shareholder held more than 5% of the share capital or voting rights during the period from 31 December 2016 to 31 December 2018.

In addition, the Company's Group employee shareholding plans held 97,733 Korian shares at 31 December 2018.

7.3.2 / TREASURY SHARES

7.3.2.1 Treasury shares owned by Company subsidiaries

None of the Company's subsidiaries own treasury shares.

7.3.2.2 Treasury shares owned by the Company

At 31 December 2018, the Company owned 46,386 treasury shares in respect of its liquidity agreement with ODDO BHF, accounting for 0.05% of share capital. These shares do not carry voting rights and or the right to dividends or share premiums.

Liquidity agreement

The mandate for the share buyback programme was granted to investment services provider ODDO BHF, to buy back shares in the name, and on behalf of, the Company, in accordance with articles 5 and 6 of Commission Regulation (EC) 2273/2003 of 22 December 2003, and pursuant to the code of ethics of the French association of financial companies (AFEI) as recognised by the French Financial Markets Authority (AMF).

The Company provides the AMF with monthly notifications of the purchases and sales of securities made in respect of the liquidity agreement, issues half-yearly statements on the liquidity agreement and publishes them on its website.

Pursuant to the liquidity agreement with ODDO BHF concerning Korian's shares, the following assets were booked in the liquidity account at their trade date on 31 December 2018:

- 46,386 Korian shares;
- 3,168,774.73 euros.

7.3.2.3 Share buyback programme

Pursuant to the 13th resolution approved by the Combined General Meeting of 14 June 2018, the Company renewed the authorisation granted to the Board of Directors, for a period of 18 months, to purchase, or to have purchased, Company's shares (including in connection with a liquidity agreement).

The programme was established in accordance with article 241-1 *et seq.* of the AMF Delegated Regulation No. 2016/1052, supplementing European Regulation (EU) No. 596/2014 with regulatory technical standards for the conditions applicable to buyback programmes, as well as market practises approved by the AMF. The table below shows the terms and conditions of the new programme for the Company to buy back its own shares.

Securities concerned	**Ordinary shares**
Maximum amount of share capital for which the purchase has been authorised by the General Meeting	The number of shares purchased in respect of this delegation will be subject to a dual limitation, such that: a) the number of shares purchased by the Company in the course of the buyback programme shall not exceed 10% of Company's share capital, at any given time. This percentage applies to share capital adjusted for equity transactions conducted after the date of the 2018 General meeting, it being specified that: (I) if the Company's shares are purchased to promote liquidity in accordance with the requirements of the AMF General Regulation, the number of shares taken into account to calculate the aforementioned 10% limit is the number of shares purchased, less the number of shares resold during the term of the authorisation, and (ii) the number of shares purchased with a view to retaining them and subsequently delivering them in connection with an acquisition may not exceed 5% of its share capital; b) the number of shares held by the Company at any given time does not exceed 10% of the shares constituting the share capital of the Company on the date in question.
Maximum purchase price	€50 (excluding costs) (or the equivalent amount on the same date in any other currency or monetary unit established by reference to several currencies).
Maximum amount of funds available for the purposes of this programme	€404,917,800 (or the equivalent amount on the same date in any other currency or monetary unit established by reference to several currencies).
	• the allocation or sale of shares to employees under the Company's profit-sharing scheme or any employee savings plan as provided for by law, in particular article L. 3332-1 *et seq.* of the French Labour Code; and/or
	• the allocation of free shares to Group employees and/or company agents; and/or
	• the delivery of shares to cover commitments under stock option plans or an award of free shares (or similar plans) and/or any other forms of awards of shares to employees and/or company agents of the Group; and/or
	• the delivery of shares in connection with the exercise of rights attached to securities conferring equity rights by the redemption, conversion, exchange or presentation of a warrant or in any other manner; and/or
	• the cancellation of all or some of the securities thus purchased; and/or
	• the holding and transfer of shares for the purpose of exchange during mergers, spin-offs or contributions or for payment or other purposes during acquisitions; and/or
	• la purchase of shares following a reverse stock split of the Company's shares to facilitate consolidation transactions and the management of fractional shares; and/or
	• stimulation of the secondary market or promoting the liquidity of the Company's shares by an investment services provider acting under the terms of a liquidity agreement that complies with the code of professional conduct recognised by the AMF; and/or
	• enabling the Company to trade in its own shares for any other purpose authorised, or to be authorised in the future, by the laws and regulations in force. In such cases, the Company would inform its shareholders by way of a press release.
Buyback terms and conditions	Shares may be acquired, sold or transferred at any time except during a takeover bid for the Company, within the limits set by law and the regulations in force, on one or more occasions, by any means and on any market, including trading on regulated markets, a multilateral trading system or OTC markets, including block purchases or sales (with no limit on how much of the buyback programme can be carried out in this way), by public offerings to buy, sell or exchange shares, or through the use of options, derivatives or other future financial instruments traded on a regulated market, a multilateral trading system or OTC markets, or by delivering shares in connection with an issue of securities that confer equity rights in the Company by converting, exchanging, redeeming or exercising a warrant or by any other means, either directly or indirectly through an investment services provider.
Duration of programme	18 months starting from the date of the Combined General Meeting.

Pursuant to article L. 225-211 of the French Commercial Code, the Company confirms it did not buy back any shares in 2018.

It should also be note that the Company has not used any derivatives in connection with its share buyback programme and that it has no open positions (buy or sell) at 31 December 2018.

At the General Meeting on 6 June 2019, the Company will present the renewal of the 13th resolution of the General Meeting on 14 June 2018 authorising the buy-back of shares.

7.3.3 / DIVIDEND POLICY

The payment of dividends or any other distribution depends on the Group's financial results, notably its net profit and its investment policy.

Consistent with the commitments laid out in the Group's five-year strategic plan, the payment of a dividend of €0.60 per share in respect of 2018 will be submitted to the vote at the General Meeting.

Dividend distribution for the last three financial years is summarised in the table in chapter 5.5 of this registration document.

7.3.4 / THRESHOLD-CROSSING DISCLOSURES

Any individual or legal entity, acting alone or in concert with others, who acquires shares or voting rights in excess of the regulatory thresholds in force (article L. 233-7 of the French Commercial Code) is required to disclose all information as required by said regulations. The same disclosure rules apply when holdings of shares or voting rights fall below the regulatory thresholds in force.

No shareholders filed legal threshold-crossing declarations with the AMF in 2018.

Threshold-crossing disclosures filed by the Company's shareholders and disclosures filed by the corporate officers in connection with transactions involving the Company's shares are available on the AMF's website (**www.amf-france.org**).

7.4 KORIAN SHARE INFORMATION

7.4.1 / LISTING MARKET AND INDICES

Korian SA is listed on the Euronext-compartment A of the Euronext Paris stock market and is eligible for the deferred settlement system (SRD).

Share profile – Korian SA

ISIN code	FR0010386334
Stock markets	Continuous trading on the Euronext Paris stock exchange (Compartment A) Ticker: KORI (Euronext), KORI.PA (Reuters), KORI.FP (Bloomberg)
Present on main indices	SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap
Share eligibility	SRD (Deferred Settlement System) and PEA (share savings plan)
Nominal value	€5
Number of outstanding shares at 31 December 2018	81,976,425
Share price at 31 December 2018	€31.08
Market capitalisation at 31 December 2018	€2,547,827,289

7.4.2 / KORIAN SHARE PRICE AND TRANSACTION VOLUMES

Change in price

	Share price *(€)*			Number of shares traded	Share capital *(€ millions)*
Month	**Average (closing)**	**High**	**Low**	**Monthly volumes**	**Monthly total**
January 2018	28.226	30.380	25.660	3,359,399	92.85
February 2018	25.075	27.760	22.840	6,514,974	161.30
March 2018	27.554	29.260	26.020	5,863,183	161.85
April 2018	27.582	29.400	26.540	2,083,225	57.80
May 2018	29.154	29.840	28.220	2,057,944	59.94
June 2018	28.807	29.400	28.120	2,310,058	66.63
July 2018	29.673	30.580	28.400	2,312,492	68.59
August 2018	28.644	30.000	27.300	1,555,892	44.78
September 2018	31.029	34.000	28.700	2,941,226	92.82
October 2018	33.025	35.280	31.000	4,437,104	147.12
November 2018	32.545	35.100	30.240	2,897,416	94.59
December 2018	31.876	35.300	29.500	2,661,354	85.89
High, low and average for the period	29.461	35.300	22.840	3,249,522	94.51
TOTAL				**38,994,267**	**1,134.15**

Source: Euronext Paris (monthly information, high, low and average for the period).

Management of directly registered share account

The directly registered share account is managed by the following institution:

CACEIS INVESTOR SERVICES

14, rue Rouget-de-Lisle – 92130 Issy-les-Moulineaux

Management of liquidity agreement

The liquidity agreement is managed by ODDO BHF.

Analyst coverage

Alpha Value
Bryan Garnier
CM-CIC
Crédit Suisse
Exane-BNP Paribas
Gilbert Dupont
HSBC
Kepler Cheuvreux
Mainfirst Bank
Oddo BHF
Portzamparc
Société Générale
Berenberg

7.4.3 / PROVISION OF INFORMATION TO SHAREHOLDERS

7.4.3.1 Financial communication schedule for 2019

14.03.2019: 2018 annual earnings.

18.04.2019: Q1 2019 revenue.

06.06.2019: 2019 General Meeting.

31.07.2019: H1 2019 earnings.

20.09.2019: Capital Market Day.

22.10.2019: Q3 2019 revenue.

This communications schedule is provided for information purposes only and may be changed if necessary.

Publications will be issued after the Euronext Paris market closes.

7.4.3.2 Information for individual shareholders and institutional investors

Since listing on the stock market, Korian has maintained a trusting relationship with both its individual and institutional investors founded on dialogue and transparency.

Korian is committed to informing its shareholders about its business activity, strategy and growth prospects in a transparent and accurate manner and on a lasting basis.

Information materials

To this end, Korian ensures all of its reported financial information (press releases, registration document, financial presentations, *etc.*) is available to the public, in French and English, on its website **www.korian.com.**

Registration document, annual financial report and integrated report

These documents are available for download on the Korian website and may be obtained from the Company in printed form, free of charge, upon request.

Shareholder meetings

Korian takes active steps to engage its individual and institutional shareholders in an ongoing dialogue by taking part in a host of events and meetings throughout the year:

Annual General Meeting

Korian's General Meeting is one of the recurring highlights of the Company's relationship with shareholders, providing an opportunity for listening and discussion with the Board of Directors. It notably provides an opportunity to discuss the key developments and the strategy implemented over the course of the preceding financial year. It enables all shareholders to take part in important decisions concerning the Group and express their opinion *via* the resolutions put to the vote.

Investor meetings

Korian takes part in numerous one-to-one investor meetings, sector conferences and roadshows, in France and abroad (London, Frankfurt, Brussels, Geneva and the United States).

Information meetings and site visits

Two SFAF (French Society of Financial Analysts) meetings are held every year to present the Company's annual and interim results to the financial community (investors, analysts, financial press, *etc.*).

Korian also organises visits to its care homes in France for small groups of investors.

7.5 CONDITIONS FOR SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

Article 15 of the Company's Articles of association sets out the provisions governing shareholder participation in General Meetings.

Shareholders' participation in General Meetings is also governed by the statutes and regulations in force applicable to companies whose shares are admitted to trading on a regulated market.

At the conclusion of each General Meeting, the Company publishes the minutes of the meeting on its website, which includes, in particular, the results of the vote on each resolution submitted to the shareholders and the responses to shareholders' written questions.



8

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8.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

8.1.1 / PERSON RESPONSIBLE FOR THE INFORMATION PROVIDED

Person responsible for the registration document: Mrs Sophie Boissard, Chief Executive Officer.

8.1.2 / DECLARATION OF THE RESPONSIBLE PERSON

I certify that, having taken all reasonable care to ensure that such is the case, the information contained in this registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's assets, financial position and earnings, as well as those of its consolidated subsidiaries, and that the management report included in this registration document provides a fair view of the development of the business, earnings and financial position of the Company and all of its consolidated subsidiaries, and a description of the main risks and uncertainties that they face.

I have received an audit completion letter from the Statutory auditors, in which they state that they have verified information relating to the financial position and the financial statements in this registration document, and have reviewed this document in full.

Paris, 25 April 2019

Mrs Sophie Boissard

Chief Executive Officer

8.2 ENTITIES RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Statutory auditors are selected by the Board of Directors on the recommendation of the Audit Committee, which is responsible for ensuring compliance with the rules requiring the rotation of firms and key signatory partners, in accordance with applicable statutes and regulations.

8.2.1 / APPOINTED STATUTORY AUDITORS

Name	Date reappointed	Date appointment ends
Mazars Tour Exaltis 61, rue Henri-Regnault 92400 Courbevoie	25 June 2015	Annual General Meeting voting on the financial statements for the year ending 31 December 2020
Ernst & Young et Autres Tour First 1 place des Saisons 92037 Paris La Défense	22 June 2017	Annual General Meeting voting on the financial statements for the year ending 31 December 2022

8.2.2 / ALTERNATE STATUTORY AUDITORS (1)

Name	Date reappointed	Date appointment ends
Mazars alternate Mr Cyrille Brouard Tour Exaltis 61, rue Henri-Regnault 92400 Courbevoie	25 June 2015	Annual General Meeting voting on the financial statements for the year ending 31 December 2020

(1) Article L. 823-1, paragraph 2, of the French Commercial Code, which codified the "Sapin 2 Act", eliminated the requirement to appoint an alternate Statutory auditor if the appointed Statutory auditor is not an individual or a sole proprietorship. Therefore, on 15 March 2017, the Board of Directors decided not to reappoint Auditex as alternate Statutory auditor, which expired at the conclusion of the Annual General Meeting convened to vote on the financial statements for the year ending 31 December 2016, *i.e.* 22 June 2017.

Mazars and Ernst & Young et Autres are in compliance with the laws on the rotation of signatory partners (article L. 822-14 of the French Commercial Code and article 17 of Regulation (EU) No. 537/2014) because:

- Mrs Manuela Baudoin-Revert, Mazars' signatory partner, certified the Company's financial statements for the first time for the financial year ended 31 December 2013;
- Mrs May Kassis-Morin, Ernst & Young et Autres' signatory partner, certified the Company's financial statements for the first time for the financial year ended 31 December 2017, at the conclusion of a three-year period during which the financial statements were certified by Mrs Sophie Duval.

8.3 GLOSSARY

The table below contains the definitions of the terms and acronyms specific to the medical-social and post-acute and psychiatric sectors that are used in this registration document.

Term or acronym	Definition
Belgian federal food chain safety agency (AFSCA)	A Belgian organisation whose main role is to ensure food chain safety and the quality of food in order to protect the health of humans, animals and plants. To do so, the AFSCA devotes considerable energy to preventing and managing crises and endeavours to respond appropriately and efficiently to events that threaten the food chain.
French national agency for the assessment and quality of social and medical-social facilities and services (ANESM)	A French organisation whose purpose is to develop a culture of care and respect within facilities and medical-social services that look after vulnerable people (particularly the elderly). The ANESM provides guidelines and recommendations concerning clinical best practices. It assesses their implementation and submits the results for appraisal to a supervisory authority.
Regional health agency (ARS)	A public administrative body of the French government responsible for implementing health policy in a region.
Personal independence allowance (PIA)	An allowance granted in France to persons aged 60 and older who are losing their autonomy and require help in performing essential daily functions.
Regional Health Authority – *Azienda Sanitaria Locale* (ASL)	In the Italian healthcare system, a public regional authority which manages all healthcare operators, from hospitals to home care, under a single budget.
Benevolence, Ethics and Care for all (BEST)	Method of medical care combining comforting gestures and soothing words to improve care and the quality of daily life for persons with illnesses. This method is taught to Korian employees in France as part of their specific training and was first launched in January 2011.
Day care centre (DCC)	Term used in Belgium to refer to centres located in, or associated with, Care Homes or Nursing and Care Homes. They provide treatment and, if necessary, therapeutic and social care during the day to persons over the age of 60 who are experiencing loss of autonomy.
Post-acute and rehabilitation care clinics	Clinics in which patients are hospitalised for the medium or long term and provide physical therapy, rehabilitation and reinsertion assistance for patients following an acute episode of chronic illness, an accident or post-operative trauma.
Healthcare Vigilance and Risk Management Committee (COVIRIS)	A French committee that coordinates all existing risk management systems, identifies and analyses risks *ex-ante* and *ex-post*, defines priority actions and monitors their implementation, assesses their efficiency and raises awareness among the facility's professional staff.
User Relations Commission (CDU)	Formerly known as the User Relations and Dependency Care Quality Commission (CRUQPC). A French authority whose main purpose is to ensure that users' rights are observed and to make processes easier for them to express any difficulties they may have.
Social Life Committee	Framework within which residents and families are invited to participate in the life of the facility.
Organic growth	The Group's organic growth is calculated as follows: • change in revenue from one year to the next for facilities that are already operating; • revenue generated from facilities opened in the current year or in the previous year; • change in revenue from one year to the next for facilities that have been renovated or whose capacity was increased in the current year or in the previous year; • change in revenue for acquired facilities between the equivalent period the previous year and the current year.
Medical waste from activities with risk of infection	Waste from healthcare activities which could present infectious, chemical, toxic or radioactive risks and which must be controlled in order to protect hospitalised patients, healthcare staff and persons who remove the waste, as well as the environment.

Term or acronym	Definition
Departmental Directorate for the Protection of Populations (DDPP)	A French organisation that groups together veterinary services and competition regulation, consumption control and fraud prevention services. Its primary purpose is to implement public population protection policies.
Professional Risk Evaluation Document (DUERP)	In France, a mandatory document for all companies, regardless of their workforce or business sector, prepared by the employer. It lists the risks that exist within the Company and must be updated annually and each time a change is made to working conditions. This document must be made available to the CHSCT (Committee for Health, Security and Working Conditions), staff representatives and company employees, as well as during work inspections.
EBITDA	Corresponds to EBITDAR, net of rental expenses.
EBITDAR	A Group performance indicator enabling it to assess the operating performances of its entities. It is equal to earnings from operations before leasing expenses.
Full-Time Equivalent (FTE)	A unit to measure the employment of employed persons or students in a way that makes them comparable even if they work or study a different number of hours per week. The FTE is obtained by comparing the number of hours an individual devotes to work or studies with the average number of hours of a full-time worker or student.
Long-term care nursing home (LTCNH)	A medical facility authorised by the French government to host dependent elderly persons and with a care team responsible for providing the required medical care to each resident according to their personal circumstances.
Serious Adverse Events (SAE)	Events liable to cause dysfunctions or undermine the principle of best care practices. They are qualified as "serious" if they cause hospitalisation or lead to prolonged hospitalisation, an inability to leave the unit or a life-threatening risk.
French Private Hospitals Federation (FHP)	A French organisation which brings together around 1,250 private healthcare facilities in France, organised into regional unions and specialised unions. It consults with the public authorities on major issues that involve the future of the healthcare system.
French federation of non-profit private hospitals and healthcare facilities (FEHAP)	A French benchmark federation in the private non-profit post-acute and psychiatric, social and medical-social sectors, grouping together over 3,200 healthcare facilities and care service providers.
Iso-Resource Groups (IRG)	A French national indicator developed to ascertain a person's level of dependency. It classifies individuals into six groups, according to their level of dependency.
French National Authority for Health	An independent public scientific organisation tasked with improving medical quality in France.
Hospital Home Care (HHC)	Full-time hospitalisation where treatment is provided in the patient's home.
INAMI	In Belgium, the Institut National d'Assurance Maladie-Invalidité (national medical insurance association) is a public social security body that organises, manages and monitors mandatory healthcare insurance and payments.
Coordinating state-accredited nurses (IDEC)	In France, state-accredited nurses handling hands-on management duties.
Care home for the elderly (MRPA)	A term used in Belgium to refer to (care) beds in care homes reserved for the elderly.
Nursing and care home (MRS)	A term used in Belgium to refer to (nursing) beds in care homes. These beds are reserved for highly dependent people who do not require acute care but for whom a higher level of care is provided.
Medicine-Surgery-Obstetrics (MSO)	Acronym used to define facilities that provide acute care.
Pflegeheime	A German term for long-term care nursing homes.
***Residenze sanitarie per anziani* (RSA)**	An Italian term for long-term care nursing homes.

Glossary

Term or acronym	Definition
Corporate social responsibility (CSR)	The incorporation of social, environmental and governance issues into the Company's policies and activities, and its interactions with all stakeholders.
Safety and Maintenance Managers (SMM)	In France, managers who are present in each region and who are primarily tasked with implementing and monitoring safety standards, as well as with monitoring maintenance operations. In coordination with the technical managers in each facility, they ensure best practices are implemented and monitor them.
Home nursing services (HNS)	Social and medical-social bodies that provide nursing services in the patient's everyday environment (home, long-term care nursing home or collective housing) so as to shorten or, if possible, avoid hospital stays.
Quality Management System (QMS)	Term used in Italy to refer to the reporting system set up by facilities that have ISO 9001-2008 certification, based on a quality manual, appropriate procedures for each type of facility, and an intranet reporting platform accessible only by the Group's Quality Department in Italy.
Musculoskeletal disorders (MSD)	Conditions that affect structures in the area of the joints (muscles, tendons, nerves, ligaments, synovial bursa, joint capsules, blood vessels, *etc.*).
Validation of Acquired Experience (VAE)	A French system that allows a person to obtain all or part of a certification (diploma, professional credentials or certificates of professional qualification) based on salaried or non-salaried work experience (retailer, employee of a retailer, freelancer, farmer or craftsman, *etc.*) and/or unpaid experience (union, community work) and/or volunteer experience. This experience, which must be related to the certification sought, is approved by a board of examiners.

8.4 CROSS-REFERENCE TABLES

CROSS-REFERENCING WITH THE SECTIONS IN ANNEX I OF EUROPEAN REGULATION 809/2004

The cross-reference table below identifies the information in the present registration document that is referred to in the different sections of Annex I of Commission Regulation (EC) No. 809/2004 of 29 April 2004.

Information		Chapter	Page
1	**Persons responsible**		
1.1	Persons responsible for the information provided	8.1.1	268
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2	**Statutory auditors**		
2.1	Information about the issuer's statutory auditors	8.2.1 / 8.2.2	269
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3	**Selected financial information**		
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5	**Information about the issuer**		
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5.1.1	*Legal and commercial name of the issuer*	7.1.1	246
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5.1.5	*Important events in the development of the issuer's business*	1	8-9
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5.2.1	*Description of the issuer's principal investments*	1 / 5.1 / 5.6 / 6.1 (note 2)	8 / 150 / 153-159 / 171
5.2.2	*Description of the issuer's investments that are in progress, including the geographic distribution of these investments*	6.1 (note 2)	169
5.2.3	*Information concerning the issuer's principal future investments*	N/A	
6	**Business overview**		
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6.4	The extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	6.2	184
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7	**Organisational structure**		
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8	**Property, plant and equipment**		
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10	**Capital resources**		
10.1	Information concerning the issuer's capital resources	5.3.1.2 / 6.1 / 6.3	153 / 165 / 231
10.2	Sources and amounts of the issuer's cash flows, and a description of them	5.3.2 / 6.1	153 / 164
10.3	Information on the borrowing requirements and funding structure of the issuer	6.1 (note 9.3)	193
10.4	Information regarding any restrictions on the use of capital resources that have affected, or could affect, the issuer's operations	N/A	
10.5	Anticipated sources of funds needed to fulfil the issuer's commitments	N/A	
11	**Research and development, patents and licences**	5.4	158
12	**Trend information**		
12.1	Significant trends in production, sales and inventory, costs and selling prices since the end of the last financial year	5.6	159
12.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	5.7	160
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14	**Administrative, management and supervisory bodies, and senior management**		
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15	**Compensation and benefits**		
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17	**Employees**		
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18.3	Whether the issuer is owned or controlled	7.3.2	261
18.4	Arrangements which may result in a change in control of the issuer	N/A	

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21.1.6	*Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option*	N/A	
21.1.7	*A history of the share capital for the period covered by the historical financial information*	7.2.2	255
21.2	Memorandum and Articles of association		
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21.2.5	*Conditions governing the manner in which annual and extraordinary general meetings of shareholders are called*	7.1.2.4	251
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21.2.7	*Provisions governing the threshold above which shareholder ownership must be disclosed*	7.1.2.5	252
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22	**Material contracts**	N/A	
23	**Third-party information and statement by experts and declarations of any interest**	N/A	
24	**Documents on display**		1
25	**Information on holdings**	6.1 (notes 2 and 14.4) / 6.3	169 and 204 / 220

CROSS-REFERENCING WITH INFORMATION REQUIRED IN THE MANAGEMENT REPORT

The cross-reference table below identifies the information in the present registration document that constitutes the management report in accordance with the statutory and regulatory provisions applicable and in particular with articles L. 225-100 *et seq.* of the French Commercial Code.

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1.3	Foreseeable development of the Company and/or Group	5.7	159
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1.5	Material events since the Company's and Group's year-end	5.6	159
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1.7	Description of the Company's and Group's main risks and uncertainties	2.1	46
1.8	Indicators of the financial risks resulting from climate change and a presentation of the measures taken by the company to reduce them by implementing a low-carbon strategy in all aspects of its business	2.1.1.8	53
1.9	Information about the Company's and Group's R&D	5.4	158
1.10	Main features of the internal control and risk management procedures implemented by the company for the purposes of preparing and processing accounting and financial information	2.2	58
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2.3	Significant equity investments made during the year in companies incorporated in France	7.2.6	260
2.4	Disclosure of more than 10% ownership of the capital of another joint stock company; disposal of cross-shareholdings	N/A	
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2.7	Employee ownership of the share capital	7.3.1	261
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3	**Information about company officers**		
3.1	If stock options are awarded, references to the information on which basis the Board of Directors decided to either: • prohibit directors from exercising their stock options before leaving office; or • oblige them to keep some or all the shares resulting from options already exercised registered until they leave office (specifying the proportion if applicable)	7.2.4.2	258
3.2	Summary of transactions in the company's shares carried out by directors and persons linked to them	4.2.3.1	134
3.3	If free shares are awarded, references to the information on which basis the board of directors decided to either: • prohibit directors from selling the free shares allocated to them before leaving office; or • impose a lower limit on the amount of these shares they must keep registered until they leave office (specifying the proportion)	7.2.4.2	258
4	**The Company's CSR information**		
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5	**Other information**		
5.1	Amount of loans for less than two years granted by the Company, as an ancillary occupation to its main occupation, to micro-enterprises, SMEs or intermediate-sized enterprises with which they have economic links justifying such a loan	N/A	
5.2	Information about payments made to the authorities of each of the states or territories in which the company carries out the following operations: exploration, prospecting, discovery, mining or extraction of hydrocarbons, coal and lignite, metal ores, stone, sand and clay, chemical minerals and mineral fertilizers, peat, salt and other mineral resources or resources mined from primary forests	N/A	
5.3	Information relating to the utilisation of the CICE tax credit	5.4	158
5.4	Special report on stock options or call options with respect to the stock options or call options awarded to company officers and employees	N/A	
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5.6	Due diligence plan:		
	• Risk mapping to identify, analyse and classify risks	3.7.2	94
	• Procedures to regularly assess the financial position of subsidiaries, subcontractors and suppliers with which the company has long-standing commercial ties, based on a mapping of risks	2.1.1.12	55
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	• A whistleblowing procedure and a mechanism to record reports received of the existence or occurrence of risks, established in cooperation with the labour unions in the company	3.7.2.3	96
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CROSS-REFERENCING WITH INFORMATION REQUIRED IN THE ANNUAL FINANCIAL REPORT

The cross-reference table below identifies the information in the present registration document that constitutes the annual financial report in accordance with articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulation of the French Financial Markets Authority.

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3	**Financial statements and reports**		
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CROSS-REFERENCING WITH INFORMATION REQUIRED IN THE CORPORATE GOVERNANCE REPORT

The cross-reference table below identifies the information in the present registration document that constitutes the management report in accordance with the statutory and regulatory provisions applicable and in particular with articles L. 225-100 *et seq.* of the French Commercial Code

Theme		Chapter	Page
1	List of offices and duties exercised by each company officer in any company during the financial year	4.2.1.3 / 4.2.2.2	103 / 108
2	An agreement entered into, either directly or through an intermediary, between a company officer or shareholder holding more than 10% of the share capital and another company in which the former directly or indirectly holds more than half of the share capital	4.2.3.3	135
3	Summary of currently valid delegations of authority granted by the General Meeting of shareholders in respect of capital increases and describing the use made of these delegations during the financial year	7.2.3.1	256
4	Choice of methods for performing general management functions	4.2.1	103
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	• Principles and criteria for determining, allocating and granting the fixed, variable and exceptional components that comprise the total compensation and benefits in kind paid to directors		
	• Variable or exceptional components of the compensation paid over the financial year		
6	Information relating to the compensation of company officers		
	• Total compensation and benefits of any kind that each of the company officers holding at least one office in a company whose shares are traded on a regulated market has received during the financial year from the company, the companies it controls and the Company that controls it	4.3.1.1	135
	• All commitments of any kind, and corresponding details, made by this company alone in favour of its company officers (only those who also hold an office in a listed company within the same group), with respect to components of their compensation, allowances or benefits payable or potentially payable due to the assumption, termination or change in their duties or following such assumption, termination or change, particularly pension commitments and other life annuities	4.3.1.2	142
7	Information to provide relating to pension commitments	4.3.1.1	135
8	Composition of the board of directors and conditions for preparing and organising the work of the board	4.2.2	106
9	Any limitations that the board of directors imposes on the powers of the chief executive officer	N/A	
10	Corporate governance code selected and any of the code's provisions that were excluded	4.1	102
11	Special procedures for participating in general meetings	7.5	266
12	Information about factors which may have an impact in the event of a takeover bid	7.2.5	260
13	Application of the principle of balanced representation of men and women on the Board of Directors and supervisory board	4.2.2.2	120

CROSS-REFERENCE TABLE OF SOCIAL, ENVIRONMENTAL AND CORPORATE RESPONSIBILITY INFORMATION

Non-financial performance report

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2	Description of the main risks relating to the activities of the Company or of all the companies with respect to social issues, environmental issues, human rights, corruption and tax evasion, including, where relevant and proportionate, the risks resulting from its business relations, products and services	2.1 / 3.1	46 / 64
3	Description of the policies applied by the company or by all the companies including, where applicable, reasonable due diligence procedures implemented to prevent, identify and mitigate risks	2.1 / 3.1	46 / 64
4	The results of these policies, including key performance indicators	2.1 / 3.1	46 / 64
5	The report must cover the following topics • the consequences for climate change of the company's operations and the use made of the goods and services it produces; • the company's commitment towards: – sustainable development, – the circular economy, – preventing food waste, – preventing food insecurity, – respect for animal welfare, – responsible, fair and sustainable food; • the collective agreements signed by the company and their impact on its financial performance and on the working conditions of its employees; • measures aimed at tackling discrimination and promoting diversity; • measures taken in support of people with disabilities.	3	63
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List of social, environmental and corporate responsibility information as stipulated in article R. 225-105 II of the French Commercial Code

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1.1.2	*Recruitments*	*3.2.1.1*	66
1.1.3	*Dismissals*	*N/A*	
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1.3	**Labour relations**		
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1.4	**Health and safety**		
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1.6	**Equal treatment**		
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2	**INFORMATION ON ENVIRONMENTAL RESPONSIBILITY**		
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2.1.2	*Resources dedicated to preventing environmental risk and pollution*	*3.3*	75
2.1.3	*Amount of provisions and guarantees covering environmental risks*	*N/A*	
2.2	**Pollution and waste management**		
2.2.1	*Prevention, reduction or remedial measures as regards air, water and soil pollution that has a serious impact on the environment*	*3.3.2*	77
2.2.2	*Prevention of waste production and recycling and elimination of waste*	*3.3.2*	77
2.2.3	*Provisions addressing noise and light pollution*	*N/A*	
2.2.4	*Measures to prevent food waste*	*3.3.2*	77
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On the cover:



For the Korian group's 15th anniversary, Sophie Boissard, Chief Executive Officer of Europe's leading provider in care and support services for the elderly, invited visual artist Véronique Le Mouël to immerse herself in the Group's facilities and mingle with the residents and patients. Based on her experience, she produced four joyful and colourful installations that reflect the Positive Care approach adopted by Korian's community of care providers: to soothe, to set in motion and to share big events as well as little moments in the life of each Korian home.

Photo credits: Manuelle Toussaint.



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